

The Global Newspaper Edited and Published in Paris

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

No. 32,564 45/87

PARIS, THURSDAY, NOVEMBER 5, 1987

ESTABLISHED 1887

Russian Calls for A Review

Official Says It's Time to Rethink Czech Invasion

By Celestine Bohlen Washington Post Service MOSCOW — The director of the Soviet Communist Party's leading ideological think tank said Wednesday that it might be time for a new analysis of the events that led to the 1968 invasion of Czechoslovakia.

ON PAGE 6

Gorbachev's speech gives Western analysts lots to argue about.

The limits on Gorbachev's reforms are apparent after tests in recent days.

Moscow's closest allies interpret the Gorbachev speech in light of their own policies.

Mr. Smirnov, answering a question about the "Prague Spring" of 1968, said it was a legitimate question that needed "a new assessment."

But he declined to give his own views on the period of liberalization in Czechoslovakia and the Soviet reaction to it.

"I would not take this political and scientifically historic issue upon myself," he said. "I have a balanced attitude, but I cannot share it with you."

Mr. Smirnov's comment was apparently an indication that the exploration of sensitive subjects in Soviet history will go forward from now.

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Zhao Seen Suing His Deeds to Words

By Edward A. Gargan New York Times Service BEIJING — When Zhao Ziyang, trailed by the other four members of the new Politburo's Standing Committee, met the world press in the Great Hall of the People on Monday afternoon, not one of the Chinese leaders wore the familiar, high-collared Mao suit.

In a land where nuance can be everything, Mr. Zhao's message was clear: China was moving forward.

NEW ANALYSIS

fully onto the world stage with new leaders, aggressive new policies and increased openness. And China, the message went, is moving beyond the decade of Deng Xiaoping, the country's senior leader, who has resigned all but one of his posts.

This was no accident, a Western analyst said here. "They were told to wear these suits."

Over the last week, during the 13th congress of the Chinese Communist Party, Mr. Zhao got his way on more than just the leadership's dress code.

He and his mentor, Mr. Deng, persuaded or forced virtually all the revolutionaries who brought Mao to power four decades ago to retire. More youthful technocrats,

known less for ideological acrobatics than for carrying out tough policies, were elevated to the 175-member Central Committee. And Mr. Zhao won approval for continuing the economic transformation of China, a process initiated by Mr. Deng in 1978.

Mr. Zhao's triumph is even more remarkable than it appears at first blush. Less than a year ago, China was gapped by political turmoil that boiled over in the face of nationwide student demonstrations for democracy. Mr. Deng, who carefully nurtured a team led by Mr. Zhao and Hu Yaobang, capitulated to a coalition of hard-line Marxists and forced Mr. Hu to step down as party leader.

The hard-liners argued, successfully, that Mr. Hu's talk of stepping up economic change and broadening the arena of permissible expression had precipitated instability and undermined the authority of the party itself.

A campaign against the pernicious influence of "bourgeois liberalization" erupted, cowering intellectuals and artists.

So resurgent were the orthodox Marxists that the government-controlled press was dominated by talk of Mao's teachings.

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Floor traders in London reacting Wednesday as share prices took another sharp drop.

Stocks Hit As Dollar Weakens

Dow Loses 18; Prices Fall in Asia and Europe

Compiled by Our Staff From Dispatches NEW YORK — U.S. stock prices slipped Wednesday in nervous trading, capping a day of market gloom around the world caused by the shrinking dollar.

The Dow Jones industrial average of 30 leading U.S. stocks lost 18.24 points to end at 1,945.29. Broader indicators of market performance also fell, trailing key indexes in London, Tokyo, Hong Kong and Paris.

Traders attributed the renewed international anxiety to the belief that the United States is not acting aggressively enough to correct its huge budget and trade deficits, which have battered the U.S. currency. As the dollar weakens, American exports become cheaper and gain an edge in world markets, thus posing a threat to important industries in many countries.

The dollar hit postwar lows against the yen and Deutsche mark on Tuesday before recovering later in the day. The U.S. currency was weaker again on Wednesday in New York and London, but closed above the trough touched on Tuesday (see page 9).

In New York, issues that declining price led to advancing ones by 9 to 7 and volume eased to about 202.53 million shares from 227.84 million on Tuesday.

Those levels were high by historical standards but far below the huge volume seen in recent weeks. The New York Stock Exchange again closed an hour and a half early at 2:30 P.M., to allow dealers to catch up with the backlog of trades.

Lon Gorman, a senior trader at First Boston Corp., said the market here lost faith in anything significant coming out of Washington on the budget or the deficit.

"People are very antsy, very nervous," he said.

Mr. Gorman said that Wall Street already has discounted a minimum \$25 billion cut in the budget deficit for the current financial year and is looking for bigger reductions.

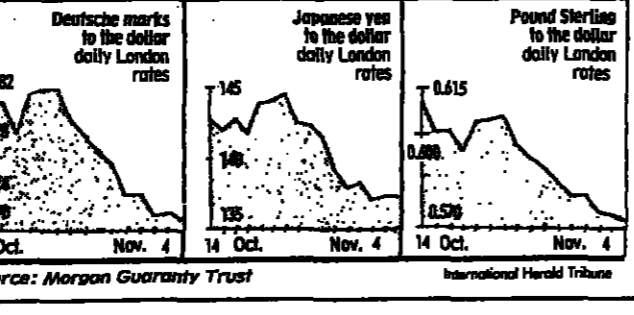
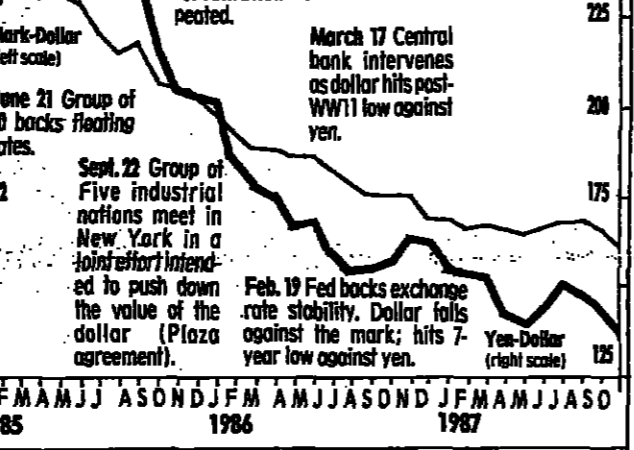
"The longer we don't get anything concrete, the longer the market will be in disarray," he said. "If

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If the Worst Is Over, Europe May Be Spared Economic Harm

Marking the Decline of the Dollar

Monthly average exchange rate of the yen and the mark against the dollar since January 1985.



Source: Morgan Guaranty Trust International Herald Tribune

By Reginald Dale International Herald Tribune PARIS — Provided the worst is over, the major West European economies may not be too severely hurt by the recent world stock market collapse and the subsequent turbulence in international currency markets, government officials and private analysts said Wednesday.

Economists emphasize that grave uncertainties remain, particularly over the future value of the dollar and U.S. economic growth.

So far, however, they see little evidence of panic selling by small West European investors or any sharp cutbacks in business activity.

None of the four European members of the Group of Seven, the leading industrial democracies, has yet felt obliged to adjust substantially downwards its official growth projections for the coming year.

The governments of three of the four — West Germany, Britain and France — continue to insist that their domestic economies are basically sound and that only the outside world has changed.

In the fourth, Italy, where the economy was already suffering from inflation and balance of payments constraints, private analysts

still expect growth to reach 2.5 to 3 percent next year, about the same level as forecast before the collapse.

In Italy, as in the other three, analysts see few signs of a sudden outbreak of the "wealth effect," a reluctance by people to spend money when they feel — or are — poorer.

The Italian bourse has in any case been bearish for most of the year.

For the time being, there is less concern in Western Europe generally about the possibility of an abrupt drop in consumer spending than there is in the United States, where private stock ownership is much more extensive.

The upbeat tone of European analysis contrasts strongly with that of their counterparts in the United States, where there are widespread fears of recession.

In Britain, for example, Andrew Britton, director of the National Institute of Economic and Social Research, a leading independent forecasting organization, says that consumer spending next year is unlikely to be down by more than about a quarter of 1 percent compared with earlier estimates.

There has been no major scare among small investors in West

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Most Americans Oblivious to the Dollar's Travails

By John Meehan International Herald Tribune NEW YORK — A curious notion has arisen in the minds of Americans in recent weeks. It can be summed up simply: As the Dow goes, so goes the nation.

Unfortunately, in the opinion of many observers here and abroad, the dollar's momentous descent on world currency markets has failed to elicit a similar response.

Economists lecture in the U.S. news media that the periodic turmoil that besets foreign exchange markets ultimately affects everyone. A growing number are warning that the most recent decline to ever-new postwar lows could have

dollar tumbles, that's too bad," said Stephen Marris, former senior economist at the Organization for Economic Cooperation and Development and now a policy specialist at the Institute for International Economics in Washington.

It is not that Americans do not care about the dollar or are unschooled in the finer points of international economics. The nation's worsening trade deficit and subsequent unemployment in the export industries that resulted from the strong dollar of the early 1980s have taught the public and politicians alike the importance of exchange rates.

"The average American is much more aware about the dollar than he was five years ago," said Susan Collins, professor of economics at Harvard University. "The trade issue clearly had a big impact."

Yet, the concern about the dollar and foreign exchange markets in no way resembles the deep anxiety felt about currency rates in Europe and Asia.

Despite the free-market philosophy so prevalent in the United States, economists still describe the United States as a "closed" economy; its dependency on imports and exports is small. Although the volume of U.S. trade has tripled over the past 20 years, the value of imports still amounts to only about 10

See DOLLAR, Page 2

Can Noboru Takeshita Be Harry Truman?

By Clyde Haberman New York Times Service TOKYO — Noboru Takeshita's supporters, recognizing that there are widely shared doubts about his abilities, are offering him up as a potential Harry Truman of Japan.

Like Truman, Mr. Takeshita will take over as prime minister on Friday in an atmosphere of lowered expectations.

Like Truman, he follows one of his country's most popular leaders. Compared with Yasuhiro Nakasone, Mr. Takeshita casts a pale shadow of non-commitment and caution. Some political pundits already are predicting that he will not last longer than a single two-year term.

Concerned bureaucrats have made calls on foreign diplomats and journalists in an unusual campaign to talk up Mr. Takeshita's virtues and to persuade them that he will work out fine.

They argue that the new Japanese leader, again like Truman, may prove to be a man of surprising leadership skills and effectiveness.

On his own, Mr. Takeshita has begun trying to reshape his reputation. On Saturday, he became president of the Liberal Democratic Party, an essential first step before assuming the country's highest office, and he immediately filled leadership posts. Most new party presidents wait a few days. But he apparently wanted to show decisiveness, not a trait for which he is noted.

As his friends see it, Mr. Takeshita may be able to succeed where Mr. Nakasone often failed. His strengths,

they say, are talents that foreigners often view as weaknesses.

Mr. Takeshita is a careful, slow-moving builder of political consensus. His views on issues are not strongly held. In fact, his opinions are whatever those of the party happen to be at a given moment.

But he knows how to get things done in the Japanese political context. Mr. Nakasone, for all his vibrance, offended many fellow politicians with a manner that smacked of self-importance. It often cost him their support.

By contrast, Mr. Takeshita has a quiet talent for getting opposing sides to strike a deal. He heads his party's largest faction, one that is likely to grow still bigger. He is a master at raising and dispensing political



Noboru Takeshita, Japan's new prime minister.

Status Game in Hollywood Office Decor: Pink Is Out, Marble In

By Aljean Harnetz New York Times Service LOS ANGELES — Dawn Steel, the new president of Columbia Pictures, does not have David Putnam's job, but she probably will use the former Columbia chairman's office. And when she moves out the studio lot she undoubtedly will put Putnam's Biedermeier burwood sofa into mothballs and remodel his recently remodeled suite.

In Hollywood, offices are more than offices. For movie studio executives, the size, floor color and accessories of the place where one works are a map to status and money and a key to the subtleties of office politics.

The largest office is not necessarily the best. "It's all about how close your office is to Frank Mancuso's office, if you work at Paramount, or Bob Daly's office, if you work at Warner Brothers," said one vice president. "Can the chairman of the board drop by without climbing stairs?"

Three regimes ago at 20th Century-Fox, Clare Townsend spurred an office among the major executives on the first floor of the headquarters building. A vice president of production, she preferred being among the writers, producers and directors on the third floor.

"It felt more creative and less corporate up there," said Ms. Townsend. "but it was a political mistake." She lost the ear of the head of production, Sherry Lansing, and rather quickly left the studio.

Status is demonstrated by a private bathroom and an anteroom with two secretaries. Less obviously, it is apparent in one's telephone system. "You get high marks if there are people on your buzzer who are both above and below you," said Laurence Mark, a former vice president of production at both Paramount and Fox who is now producing movies for Fox. "It's important to be able to buzz up, not just buzz down."

It's also important to get the studio to spend as much money as possible on your office, thus emphasizing your value. A new vice president gets his walls painted and a change of carpet. When Leonard Goldberg became president of Fox a year ago, the remodeling of his office cost more than \$100,000 and included a working fireplace of gold-veined black marble.

Status symbols change. No top executive would be caught dead today with the thick white carpet favored by Louis B. Mayer when he ran MGM 40 years ago. Honey-colored hardwood floors are in Mr. Goldberg's has a berringbone design. The new floor in the office of Frank Mancuso, chairman of Paramount, is red oak.

Mr. Mancuso shocked Hollywood by spending more than two years in the office of Barry Diller, his predecessor, before remodeling. "I was less concerned about my office than about our films," he said. Once Paramount had fresh success at the box office, Mr. Mancuso ripped out the carpet,

brought in a polished granite desk, and crammed the drawers with hidden telephones and switches that turn on the gas fireplace and open the window shades.

"I spend more hours here than I do at my home, so I decided it should be comfortable," he said. Unlike many executives, Mr. Mancuso wants his guests to be comfortable, too. Instead of separating himself behind his desk, he holds meetings at a round table, where tea is served in Wedgwood cups. In contrast, Frank Yablans, a previous head of Paramount Pictures, had a desk built on top of a platform in order to intimidate visitors.

Joe Hooper, the interior decorator for Mr. Mancuso at Fox and MGM for 21 years. In addition to bleached wood floors, he lists today's in-fashion materials as marble, granite and natural fabrics.

"Ten years ago, everything was nylon," Mr. Hooper said. "Today it's chenille, wool, silk and leather. And the furniture is made out of exotic woods, including koa, Brazilian rosewood and burl elm." Pink — last year's color — is out, replaced by sea-foam green, aqua and cerulean blue.

The cost of remodeling an office ranges from \$20,000 to \$150,000, and any executive worth his stock options has an entertainment center that includes television monitors, a compact-disc player and half-inch and three-quarter-inch video cassette machines. And since sparseness is in style, the executives can make their huge toys disappear into the walls by remote control.

Michael Eisner, chairman of the Walt Disney Company, is one of the few major executives to have a computer in his office. His huge blond desk is an animation director's table that was made at the studio long ago.

Although Mr. Eisner was known for a certain messy style when he was second in command at Paramount, chaos today is confined to the inside of drawers in his dazzling white Disney office. "The only way to deal with insane ideas is to shove things in a drawer and not find them for a year or two," he says.

In his recent brief tour of duty as Columbia chairman, David Putnam put down an oak floor in his office. The chosen requisite of Frank Price, one of the intervening studio heads at Columbia, was a dining room of his own.

Then Mr. Price moved to MCA as chairman of Universal Pictures, where there is little leeway in office decor, since Jules Stein, the founder of MCA, outfitted all the executive suites from his storerooms of antique English furniture.

The sardonic president of Paramount Pictures, Ned Tanen, survived 28 years at MCA. He received \$35,000 to redo his office when he moved to Paramount three years ago.

"But I'm the cheapest date in town," said Mr. Tanen, who never used the money.

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Kiosk U.S. Curtails Japan Sanctions

WASHINGTON (UPI) — President Ronald Reagan, citing progress in a trade dispute over computer chips, lifted \$34 million in sanctions against Japan on Wednesday. But he left in place for greater U.S. access to the Japanese market.

On Tuesday, the White House said the sanctions would be partially lifted following a finding that Japan was complying with an agreement not to dump semiconductors in third countries at below market prices. Washington imposed \$300 million in sanctions in April to retaliate for Tokyo's failure to allow freer trade in semiconductors.

In Philadelphia, W. Wilson Goode claimed an election victory in his bid for a new four-year term as mayor.

GENERAL NEWS

President Reagan tried to ease the fears of European conservatives about a nuclear arms agreement.

BUSINESS/FINANCE

The Bank of England sanctioned a half-point cut in key British interest rates.

Dow close: DOWN 18.24 The dollar in New York: DM 1.7835 1.7545 136.65 5.798

Vertical sidebar containing various advertisements for services, businesses, and real estate in Paris and New York.

Vertical sidebar containing various advertisements, including one for Alexis Barthelay.

# Dole Urges Reagan To Step In as Talks On Deficit Meander

Compiled by Our Staff From Dispatches  
WASHINGTON — Senator Bob Dole, the Republican leader, urged President Ronald Reagan on Wednesday to step into budget negotiations, which participants say are meandering.

But Mr. Reagan complained that the Democrats were being inflexible in the talks and that his detractors were seeking excuses for their own past policies.

Failure to reach an agreement by the weekend on ways to cut the deficit in the 1988 fiscal year budget could further unsettle the financial markets, Mr. Dole said.

The Kansas senator, who is running for president, made his appeal to Mr. Reagan, a Republican, as Democrats expressed frustration with the budget talks, which involve White House officials and congressional leaders.

"I would hope we can have some agreement before Friday," Mr. Dole told the Senate. He said that the president "might call the group together or call the leadership together and indicate to us, and we can indicate to him at the same time, a willingness to do what we need to do."

The negotiators have focused on a plan to reduce the deficit by \$30 billion through equal amounts of spending cuts and increased taxes.

While Democrats complained that White House negotiators were inflexible on tax increases, Republicans charged Tuesday that Democrats were unwilling in their refusal to consider further cuts in domestic spending.

Because of the inability to agree on a basic strategy, every proposal being presented behind the closed doors was going up "in a cloud of smoke," said one disheartened negotiator, Representative Silvio O. Conte, Republican of Massachusetts.

At the same time, partisan friction was building with the approach of automatic spending cuts under the Gramm-Rudman budget-balancing law. The deadline is only two weeks away, and each side has begun speculating that the other might be trying to scuttle the talks for political reasons.

Mr. Reagan, appearing with members of a newly appointed task force examining the workings of the stock market following the plunge in share prices two weeks ago, was asked by reporters about Democratic criticism of his negotiating stance.

"They're looking for an excuse for having created all these deficits," he said.

The \$30 billion proposal was offered by two Democrats, Lawton Chiles of Florida, the Senate Budget Committee chairman, and his House counterpart, Representative William H. Gray 3d of Pennsylvania.

The plan involves raising taxes and cutting spending by \$10 billion each this year and adding other deficit-reduction measures worth another \$10 billion. Those additional steps would include the sale of certain government assets and increasing tax-collection enforcement — measures that critics quickly denounced as easy but unreliable solutions.

Democrats accused the White House of turning aside all proposals for higher taxes. Shortly after the stock market plummeted on Oct. 19, Mr. Reagan had promised that everything but Social Security would be "on the table" in the negotiations.

Later, Mr. Reagan had urged further cuts in the deficit but had repeated the public warnings of some economists that too many new taxes too soon would "chill the economy."

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(LAT, Reuters)



ON THE LINE IN MANILA — A hooded informant, assigned by the Manila police to infiltrate local Communist organizations, inspected on Wednesday suspects held in connection with recent murders of policemen.

## Iraqis Hit 4 Ships and Kharg Island; Millions in Iran Rally Against U.S.

BAGHDAD — Iraqi warplanes attacked four ships in nine hours Wednesday and struck at Iran's Kharg Island oil terminal and Buzan oil fields, according to high command communiqués.

The attacks on ships were believed to be the highest reported by Iraq on a single day in the Gulf War.

One communiqué said the raids reinforced a statement by President Saddam Hussein of Iraq to army officers that Iran was doomed unless it accepted peace "without compromise and maneuvers."

Two of the ships were described as "very large" naval targets — Iraq's usual term for super tankers. They were attacked off the Iranian coast, one at 5:30 P.M. and the other at 9:35 P.M., the Iraqi military reported.

Baghdad also said warplanes raided Kharg Island and hit a ship docking there at 1 P.M. Warplanes also raided a ship in northern Gulf waters and attacked the Bazian oil fields in southwest Iran.

Iraq said its planes scored "accurate and effective hits," one bulletin said.

Gulf shipping sources could not immediately confirm the shipping strikes.

Kharg Island has been hit more than 150 times since August 1985. Earlier Wednesday, millions of Iranians shouting anti-American slogans took to the streets for rallies aimed at showing Washington an iron-fist policy in the Gulf.

The Iranian news agency, IRNA, said the demonstrators included hundreds of thousands of troops as well as government officials. In Tehran, they headed for a huge rally in Azadi Square.

In calling the demonstrations, Prime Minister Mir Hussein Mousavi said he hoped they would be large enough to panic the Americans and shatter their morale.

In one demonstration, Tehran Radio reported, two people were killed and 26 were injured in a bomb blast at the Kurdish town of Mahabad, 340 miles (540 kilometers) northwest of Tehran.

The radio, monitored in Cyprus, blamed "mercenary agents of America" for the blast. The report said the bomb went off as the

marchers chanted, "Death to America."

Addressing the rally in Azadi Square, Hashemi Rafsanjani, the speaker of the Majlis, the Iranian parliament, condemned the U.S. naval presence in the Gulf and Washington's policy of economic embargo and military pressure.

"By their adventurist stance in the Persian Gulf, America's ring-leaders have neither achieved security, nor earned a reputation for military formidability, nor frightened our revolutionary and great nation," Iranian radio quoted him as saying.

Mr. Rafsanjani declared "a week of preparation for confronting America in the Persian Gulf starting tomorrow."

But Mr. Rafsanjani did not repeat Iranian threats of military action against the United States.

■ Minesweepers Enter Gulf  
The U.S. Defense Department said Wednesday that three additional minesweepers had been added to the fleet of minesweepers operating in the Persian Gulf.

## Iran-Contra Panel Split, Draft Shows

WASHINGTON — The draft copy of the dissent by Republican members of the congressional committee investigating the Iran-contra affair concludes that President Ronald Reagan did not know the profits from arms sales to Tehran were diverted to the Nicaraguan rebels and assails the mostly Democratic majority for suggesting otherwise, it was learned Wednesday.

The draft of the 300-page dissent denounces the committee's proposed report as "a weapon in the ongoing guerrilla warfare" against the administration "instead of an objective analysis."

Extensive portions of the working paper, scheduled for release Nov. 13 with the committee's report, were made available to United Press International. The excerpts reveal key findings of the panel's draft report.

The panels' 1,400-page draft report, which is expected to be signed by all 15 Democrats and three Republican senators on the committee, leaves open the question of Mr. Reagan's role in the diversion of \$3.5 million in arms-sale proceeds to the Nicaraguan rebels, who are known as contras.

While the majority draft says no evidence has been found to indicate Mr. Reagan's awareness of the diversion in 1986, it notes that the panels were denied access to thousands of pertinent documents that had been destroyed by White House aides, according to the dissent.

However, the dissent by eight Republican members belittles the majority's refusal to accept Mr. Reagan's assertions that he knew nothing of the

"The conclusion that the president did not know about the diversion," the dissent says, "is one of the strongest of all of the inferences one can make from the evidence before these committees."

"Any attempt to suggest otherwise," it adds, "can only be seen as an effort to sow needless doubts in the hopes of reaping a partisan political advantage."

■ Swiss Deliver Accounts  
Earlier, The New York Times reported: Switzerland has turned over thousands of pages of secret bank documents to the special prosecutor in the Iran-contra affair, removing a final obstacle to the anticipated indictment of Lieutenant Colonel Oliver L. North and others.

The documents, which have been the subject of nearly a year of litigation in the United States and Switzerland, detail an elaborate plan to funnel money to Nicaraguan rebel groups.

The action on Tuesday by the Swiss Justice Ministry was seen as a victory for the special prosecutor, Lawrence E. Walsh.

According to legal sources, Mr. Walsh and his staff are expected to spend the next month studying the records; indictments would follow in December or early next year.

## WORLD BRIEFS

### UN Reports Afghan Conflict Worsens

UNITED NATIONS, New York (UPI) — A UN report on Afghanistan says the armed conflict there has intensified in recent months and that terrorism has intensified.

The report was prepared by Felix Ermacora of Austria, who has been allowed to visit Afghanistan for the first time since his appointment in 1984 as special UN rapporteur on human rights in that nation. The report is being submitted to the UN General Assembly, which has scheduled its annual debate on Afghanistan next week.

"A new feature of the conflict is the increase in the acts of terrorism against Afghans inside and outside Afghanistan," the report said. Mr. Ermacora blamed the situation in Afghanistan on the presence of an estimated 115,000 Soviet troops that have been there since Moscow intervened at the request of the Kabul government in December 1979.

### Spain Seeks End to U.S. Defense Pact

MADRID (Reuters) — Spain will formally tell the United States next week it plans to end a bilateral defense agreement whenever the outcome of fresh talks on cutting U.S. forces, the Foreign Ministry said Wednesday.

Negotiations over Spanish demands for the removal of a strategic wing of U.S. fighter-bombers stationed outside Madrid have been stalled for months. The talks are to resume in Madrid on Thursday.

Spain has repeatedly threatened to give six months notice on the 34-year-old defense pact, which expires in May, unless the United States agrees to a substantial cut in its military presence.

### Paris Charges 5 Caught With Missiles

PARIS (Reuters) — Five Irishmen arrested off the French coast aboard a ship carrying missiles, machine guns and other arms were formally charged Wednesday with trafficking weapons for terrorism.

They were brought under guard by train from the Atlantic port of Brest and arraigned at the Palais de Justice by Judge Jean-Louis Bruguiere, one of the top anti-terrorist investigators in France. They were identified as Adrian Hopkins, Dennis Boyle, Edward Friel, William Finn, and Henry Cairns. The police said that at least one of the names was assumed.

The arms included 20 Soviet-made SAM-7 surface-to-air missiles and a heat-seeking weapon that has long been sought by the guerrilla Irish Republican Army for use against British Army helicopters. They were discovered over the weekend on a Panamanian-registered cargo ship, the Elksand. Police sources said the ship had been loaded Oct. 14 by Libyan troops in Tripoli. Mr. Hopkins is the ship's captain.

### Karpov Holds Advantage in 9th Game

SEVILLE, Spain (Reuters) — Anatoli Karpov, the challenger in the world chess championship, held a clearly advantageous position Wednesday when the ninth game was adjourned. Garry Kasparov, the champion, sealed his 43d move. The game is to resume Thursday.

### For the Record

The Reverend Jerry Falwell, leader of the fundamentalist Christian political group Moral Majority, has announced that he is giving his politics and returning full time to his church in Lynchburg, Virginia, and his television ministry.

Amnesty International, the human rights monitoring group, urged Singapore on Wednesday to release six prisoners accused last spring of involvement in a Marxist plot to overthrow the government and accused of mistreating them to extract confessions. There was no immediate comment from the government.

British labor unions would be barred from disciplining strikers in a bill given preliminary approval Tuesday in the House of Commons. The measure, sponsored by the Conservative government, goes to committee for review and is virtually assured of passage on a final vote.

A South Korean diplomat, Do Chang Sung, who was released by his kidnappers in Beirut on Saturday, arrived in Seoul. He said he was constantly blindfolded during his 21 months of captivity.

### Correction

Due to editing errors in a Special Report on the Netherlands published Monday, some comments were misattributed. In an article on the Groningen gasfield, a quotation indicating the extent of land subsidence to be expected should have been attributed to Wil G.J. Hinjman, a government energy specialist. A comment dismissing claims that subsidence causes damage to homes was made by Frank Dunt, spokesman for NAM, the Netherlands oil company. In an article on the Hague, a quotation characterizing dance companies in the Hague and Amsterdam should have been attributed to Ad J.E. Havermans, burgomaster of The Hague.

### JAPAN: A New Prime Minister Looks for an Image

(Continued from Page 1)  
he is likely to press for gradual increases in the Japanese military budget, at least at the start.

But the departing prime minister says that Japanese diplomacy now "will be based on domestic reform" specifically on its ability to implement oft-repeated promises to restructure its economy. On many of these matters, Mr. Takeshita, 63, is hardly a novice.

One immediate problem is Japan's relations with the United States, at a low ebb now because of endless trade frictions and the sale of militarily sensitive Japanese technology to the Soviet Union.

In policy statements, Mr. Takeshita expounds on a "diplomacy of reliability." While the term is vague, it implies that he wants Japan to be more careful about making promises that it can keep.

As finance minister under Mr. Nakasone for three years, he was a preacher of austerity. Now he is willing to pry open the treasury a bit in the name of economic stimulation.

Presumably, Mr. Takeshita will seek new taxes to help pay the bill. What he wants, specifically, is not clear, but no one would be surprised to see the revival of some form of sales tax. Mr. Nakasone could not push one through.

Another Nakasone legacy are the stratospheric land prices. Mr. Takeshita must deal with this problem quickly, for it is a dominant issue in a country where home ownership is an evaporating dream for young couples. Property values are so high that in the Ginzza business district a piece of land the size of this page can cost \$43,000.

In the opinion of many political analysts, Mr. Takeshita's biggest obstacle may be the circumstantial fact that he prizes. He is so eager to forge compromise, they say, that he tends not to speak his mind clearly, thereby raising questions about his leadership skills.

It is on that critical score that Harry Truman analogies have been drawn.

"With Takeshita, the bill doesn't stop there," a Western diplomat said. "It keeps going 'round and 'round. He'll keep trying to build consensus no matter what."

## ZHAO: China's Party Leader Suits Up for the New Job

(Continued from Page 1)  
of reasserting the primacy of strong central planning, strengthening the power of local party bosses in government and enterprises, and stanching the mounting contacts with the West.

Toward summer, with the convocation of the congress before them, Mr. Deng and Mr. Zhao gradually reasserted their authority. How they accomplished this is hidden by the walls of secrecy behind which China's leaders work. But some Chinese and Western diplomatic analysts say they believe that the hard-liners presented no substantive alternatives to continuing change.

As the opening of the congress became imminent, Mr. Zhao, according to some Chinese, laid his cards before Mr. Deng and said essentially that he either got what he needed out of the congress to pursue his policies or there was no point in going on.

Mr. Zhao also said that in time a civil service would be introduced to professionalize the government, that mandatory retirement for officials would be enforced and that the party would be eased out of a direct role in government and industry.

## FRANCE: Report Cites Mitterrand

(Continued from Page 1)  
by several high-ranking Defense Ministry officials, including Mr. Heru's top aide, Jean-François Dubois.

The report said that Admiral Pierre Lacoste, at the time the head of France's foreign intelligence service, told Mr. Dubois in February 1984 of Luchaire's suspicious exports, which were said to have involved false end-user certificates

## SOVIET: Russian Calls for Review

(Continued from Page 1)  
the groundwork laid in a speech by Mr. Gorbachev on Monday.

The speech was seen as a compromise on several key historical topics, including the Stalin era. But several Soviet historians insisted Wednesday that the speech was not meant as the last word on the interpretation of history.

"It gives us a very broad possibility for creative work and study," Mr. Smirnov said.

Mr. Gorbachev, in his comments Wednesday, referred to the historical section of his speech when he said Moscow had "once and for all overcome the attempts at trifling

with history when, at times, we believed what we wanted to believe rather than what was."

Other signs seemed to indicate the campaign for a review of traditional Soviet approaches to history was continuing unabated. The issue of the weekly Moscow News published Wednesday carried a harsh attack on Leonid I. Brezhnev, whose 20-year rule until his death in 1984 is increasingly blamed for the stagnation and failures of Soviet internal and foreign policy.

Although information about the 1968 invasion of Czechoslovakia was tightly controlled in the Soviet Union, the invasion had a reverberating effect. Moscow's reaction to the Czechoslovak experiment with democracy caused disillusionment among Soviet intellectuals and spurred the beginnings of the dissident movement.

Some analysts have compared the opening of Soviet society and debate under Mr. Gorbachev to the freedoms in Prague in the spring of 1968. But the comparison is ill-sited because in the Soviet Union, unlike Prague, the party is in firm control of the process of change.

## DOLLAR: Americans Oblivious

(Continued from Page 1)  
percent of the nation's gross national product.

The ratio in some European nations is about 50 percent, which best explains Europe's preoccupation with foreign exchange stability and the existence of the European Monetary System.

Moreover, the dollar remains the world's reserve currency. Because most commodities are priced in dollars, there is little danger that the U.S. economy will have to suffer a "third oil shock." The phrase was coined in the 1982-84 period when European economies and Japan strained to keep up with surging dollar-denominated energy costs despite declining prices on the world's oil markets.

Not surprisingly, exchange rate movements, however slight, have an almost immediate impact on European consumers. In the United States, the dollar's steady decline in value — about 40 percent against the Deutsche mark and the yen since 1985 — has still not produced a level of price discomfort that it would have in a smaller economy.

To be sure, the prices of Toyota cars and French perfume has risen more than those of American products. But the alarm sounded most often by economists — that every 10-percent decline in the value of the dollar adds another percentage point to the inflation rate — has yet to ring true.

In fact, the willingness of European and Japanese manufacturers to protect their market share at the expense of profit margins has only served to insulate the American consumer even more.

"When a Frenchman hears that the franc is being devalued, he knows right away his money is

worth less; inflation is on its way," said Mr. Morris. "This just isn't the case in the United States."

These fundamentals probably best explain why the dollar has never emerged as burning issue on the U.S. political scene. In Europe, the value of a country's currency seems to be inextricably caught up in its national consciousness, as much a matter of pride as economics.

As France under the leadership of President François Mitterrand, a Socialist, sought yet another devaluation of the franc within the EMS in 1983, the battle cry of opposition groups was "Paixre franc, paixre France." And the debate at home became so fractious that France quarreled publicly with West Germany until it had won a smaller devaluation to help still domestic critics.

In the absence of a sudden dollar free-fall, such a dispute is unlikely in the United States, much to the dismay of foreign governments who fear Washington will always be slow to respond to currency issues as long as its constituency does not complain.

The litany of complaints from U.S. trading partners, analysts contend, had little to do with the administration's decision to reverse its laissez-faire currency policy in 1985. Instead, they credit effective lobbying by U.S. manufacturers for the sudden awareness in Washington that the value of the dollar was just too high.

"Even with the dollar depreciating as it has, if you ask Americans if they are less well off now than when the dollar was strong, the answer is no," said Stephen Leach, an analyst with Chemical Bank's foreign exchange advisory service.

"The only complaint is that a European vacation costs more."

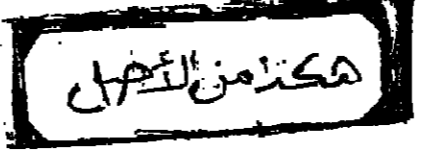
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# Reagan Reassures Europe Conservatives

By Joseph Fitchett  
*International Herald Tribune*

PARIS — President Ronald Reagan offered pledges on Wednesday that were designed to allay disquiet among conservative Europeans that the medium-range missile treaty with the Soviet Union will increase momentum toward eliminating all nuclear weapons in Western Europe.

Mr. Reagan said the United States would oppose further nuclear disarmament in Europe until the Soviet Union cut its chemical weapons and conventional forces.

He also welcomed moves by European governments to improve military cooperation among themselves, praising the seven-nation Western European Union for its recent declaration saying that mutual deterrence remained important for European security.

"The unusual format of the presidential message—a speech recorded in Washington and broadcast only in Europe by Wordnet, a satellite system operated by the United States Information Agency—appeared to reflect the Reagan administration's concern over fears

expressed privately by some European officials about the implications of a treaty that their governments publicly support.

The Reagan administration, U.S. officials said, sees European support for the missile accord as a valuable asset for Senate ratification of an intermediate nuclear forces treaty. European defense ministers have agreed to back the treaty during Senate hearings, according to reports from Monterey, California, where a meeting of NATO's Nuclear Planning Group was concluding.

The ratification process is also expected to produce reassurances about U.S. determination to defend Europe, according to American diplomats in West Germany, which was the base for the Pershing-2 and many of the cruise missiles to be eliminated.

West German public opinion overwhelmingly supports nuclear disarmament, according to German surveys, and the coalition government supports an INF treaty.

But officials in Chancellor Helmut Kohl's Christian Democratic Party have opposed further nuclear

reductions under a proposal sometimes called "triple zero." The proposal would eliminate battlefield nuclear weapons like the Lance missile after the "double zero" plan to scrap the two categories of missiles—those with ranges of 500 to 5,000 kilometers (300 to 3,000 miles)—covered by the INF agreement.

U.S. policy had been unclear about any linkage between battlefield nuclear weapons and the strength of Soviet armor and troops in Europe. In his speech, Mr. Reagan said, "We have agreed with our allies that the existing imbalances in conventional forces and chemical weapons must be redressed prior to any further nuclear reductions in Europe."

A high-level group in the North Atlantic Treaty Organization has already started formulating an approach to cutting battlefield nuclear weapons that would divide them into two categories, those with ranges of 150 to 500 kilometers and those below 150 kilometers, according to West German diplomatic sources.

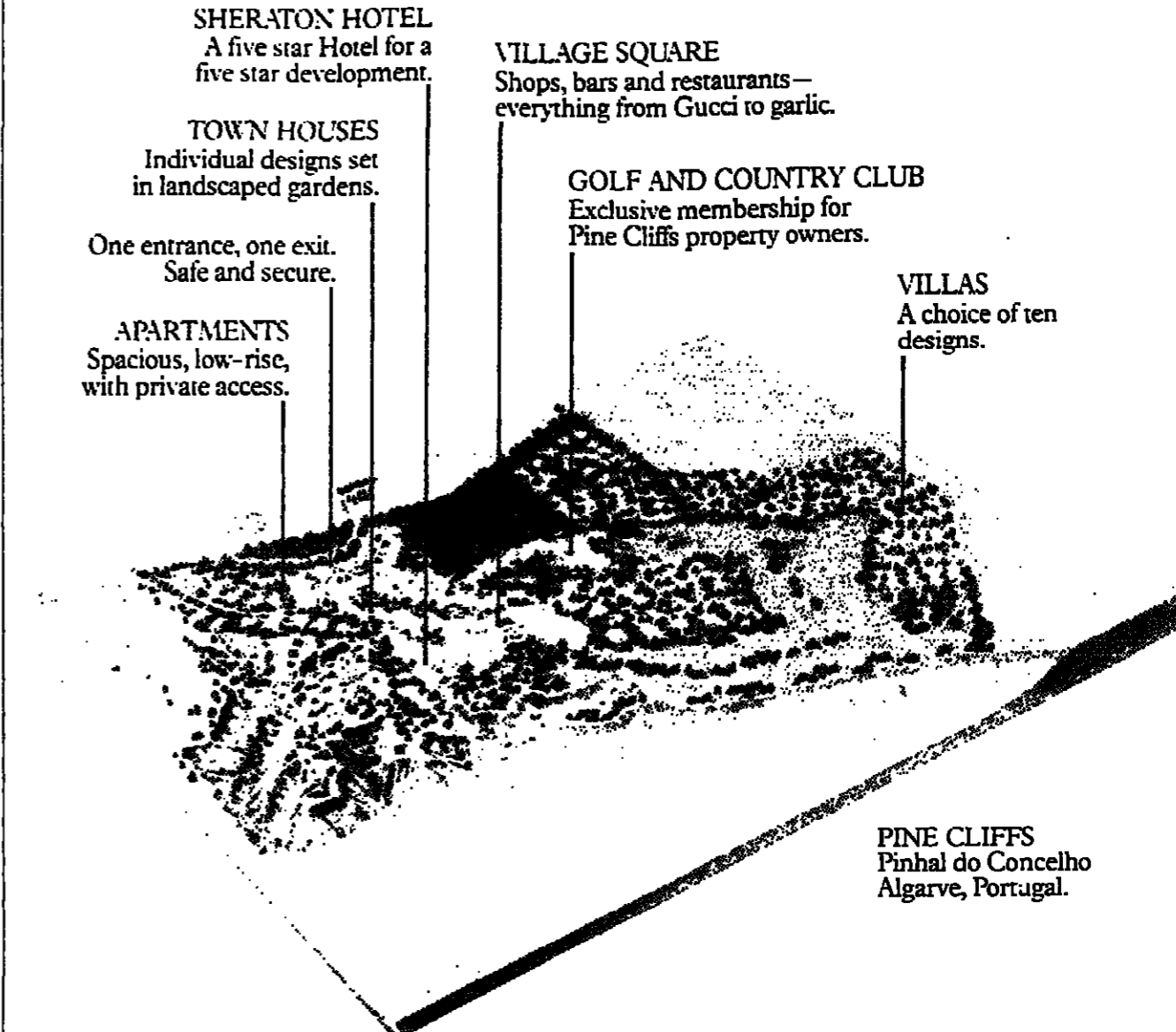
This would protect the Lance missile, the most important nuclear arm that will remain with NATO in West Germany after an intermediate nuclear forces treaty goes into effect. The Lance has a range of 130 kilometers.

Mr. Reagan's remarks appeared to tie progress on battlefield nuclear weapons to talks on conventional force cuts, which are expected to drag on.

The U.S. defense secretary, Caspar W. Weinberger, said at the NATO meeting that the alliance would maintain its intermediate-range forces until the INF treaty was ratified. Belgium and the Netherlands reportedly want the United States to stop deploying cruise missiles immediately.

**NATO Aides Back Treaty**

The NATO defense ministers, winding up a two-day meeting, gave strong support on Wednesday for a prospective superpower agreement banning medium-range nuclear missiles, and they called for quick ratification by the Senate. Reuters reported from Monterey.



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# Post-Weinberger: Hard-Liners Lose a Voice

By David K. Shipler  
*New York Times Service*

WASHINGTON — The resignation of Caspar W. Weinberger as secretary of defense, which is expected to be announced later this week, seems likely to change the chemistry of policy making during the final 14 months of President Ronald Reagan's term, according to administration officials.

"As part of a series of changes, first divulged Monday night, Mr. Weinberger, ostensibly for personal reasons, is due to leave office. He is expected to be replaced by Frank C. Carlucci, now Mr. Reagan's national security adviser.

In turn, Mr. Carlucci will be succeeded as head of the National Security Council staff by Lieutenant General Colin L. Powell, who is Mr. Carlucci's deputy, administration officials said.

Although Mr. Carlucci has staked out some hard-line positions on arms control and other issues, he lacks the long, close friendship with the president that Mr. Weinberger has with the president, raising a question of how effective he will be in promoting the tougher views. He also seems not to share Mr. Weinberger's deep suspicion of Moscow.

The officials said a formal announcement about the Pentagon post was being delayed until Mr. Weinberger could return to Washington from California, where he especially in the field of arms control.

The change also brings to an end the most overt rivalry in the administration — that between Mr. Weinberger and Secretary of State George F. Shultz, who have often been at odds over arms control and the use of military force.

But there is disagreement among senior administration officials over how different the resulting policies are likely to be after Mr. Carlucci moves to the Defense Department.

"Carlucci is tough," a senior official said. "He's not a patSY. He was pretty firm in Moscow the week before last," when he accompanied Mr. Shultz to talks with Soviet leaders.

How this will translate into policy, however, is a question. "When the chips were down, and Weinberger really wanted something, you had the feeling he could get it," the official said.

Some noted that Mr. Carlucci, who served as Mr. Weinberger's deputy at the Defense Department, sounds much like Mr. Weinberger on certain arms control issues, and they said they expected him to reflect many of the views of his new constituency in the Pentagon.

NEWS ANALYSIS

was attending a meeting of the North Atlantic Treaty Organization's nuclear planning group.

There are "no policy reasons" for Mr. Weinberger's resignation, a former official said. "It wouldn't be in his character to quit for policy reasons," the official said. "He'd stay and fight."

Rather, another former official said, Mr. Weinberger is tired, has considered resigning for some time and has been moved to do so now by the deteriorating health of his wife, Jane, who has cancer.

The shifts come at a pivotal point, both in Soviet-American relations and in the Pentagon's budget squeeze. When seen against the background of other departures and new appointments in recent years, they seem to further a process that has moved the administration away from ideological conservatism toward centrist moderation.

# Democrats Win 2 Governors' Races, Cooling Republican Hopes in South

Compiled by Our Staff From Dispatches

LOUISVILLE, Kentucky — Republican hopes of expanding their beachhead in Southern and border states were set back Tuesday as Democrats won governors' races in Kentucky and Mississippi.

Wallace Wilkinson, a self-made millionaire and political novice, pulled to a landslide victory over his underfinanced Republican opponent, state Representative John Harper, in one of the most lopsided races in Kentucky history.

With 97 percent of the precincts reporting, Mr. Wilkinson had a record 65 percent of the vote.

In Mississippi, State Auditor Ray Mabius, a Democrat facing a tougher challenge, appeared to have beaten Jack Reed, a Republican businessman, by a smaller but still decisive margin. With almost half the precincts reporting, Mr. Mabius led 55 percent to 45 percent.

Mr. Reed, the chairman of a committee that overhauled the state's school system, was viewed as the strongest Republican candidate in an assembly. But no Republican has won the Mississippi governor's office since Reconstruction.

Only three states held off-year elections for governor this year. Republicans, who picked up governorships in four Southern states last year, hoped Southern and border states would continue a trend of party realignment away from the Democratic Party.

But U.S. Representative Robert L. Livingston Jr., the Republican hopeful in Louisiana, was beaten by two Democrats, U.S. Representative Buddy Roemer and Governor Edwin W. Edwards, in an election last month. Mr. Roemer won the governorship without a runoff election after all his opponents, including Mr. Edwards, dropped out.

"This year shows Republicans have been blowing smoke about party realignment in the South," said Chuck Dolan, executive director of the Democratic Governors' Association. "They only win when Democrats beat themselves."

It is hazardous to make sweeping generalizations about governors' races, however. They are waged over local issues and involve local traditions and personalities.

Meanwhile, in Philadelphia's mayoral race, Mayor W. Wilson Goode, a Democrat, claimed victory in his drive for a second term. But his Republican opponent, former Mayor Frank L. Rizzo, who was trailing narrowly in unofficial polls, refused to concede. He will await official certification of the vote later this week.

With 1,733 of 1,739 precincts reporting, the unofficial tally gave Mr. Goode 332,396, or 51 percent,

and Mr. Rizzo 318,527, or 49 percent.

If Mr. Goode's lead holds in the official tally, he will have achieved a triumphant recovery from severe political adversity in the nation's fourth most populous city.

Things went smoothly for Mr. Goode until May 13, 1985. In an attempt to oust members of the radical group Move from their headquarters in a row house, the city police dropped a firebomb on the roof. The resulting blaze killed 11 of the house's occupants, including five children, and destroyed 61 surrounding homes.

Mr. Goode, one of the most prominent black Democrats in the country, was widely criticized as having lost control of the situation as it was unfolding.

The flamboyant Mr. Rizzo was making his second attempt at a comeback after eight turbulent years as mayor in the 1970s.

In 1983, Mr. Goode defeated Mr. Rizzo in the Democratic primary and went on to win the general election. This year, after having switched parties, Mr. Rizzo won the Republican nomination.

In Baltimore on Tuesday, Kurt Schmoke, a Democrat, defeated Samuel Culotta, the Republican, in the city's mayoral race. In Boston, Mayor Ray Flynn was re-elected, defeating City Councilor Joseph M. Tierney. In Houston, Mayor Kathy Whitmire easily defeated six opponents and won a fourth two-year term.

In Miami, Mayor Xavier Suarez was forced into a runoff Nov. 10 with former Mayor Maurice Ferré. In San Francisco, state Assemblyman Art Agnos led an 11-candidate field trying to succeed Mayor Dianne Feinstein, but he was forced into a runoff Dec. 8 against Supervisor John Molinari.

Elsewhere on Election Day, the nuclear power industry won a victory in Maine, where voters rejected an effort to shut the state's only nuclear power plant. The vote on the future of the Maine Yankee plant capped a campaign that was closely watched by both supporters and opponents of nuclear power around the country.

Voters in Virginia approved a state lottery, a proposal that had been rejected repeatedly over the last decade by the state legislature. Many voters said in opinion surveys that they believed the lottery would prevent a tax increase.

In New Jersey, voters rejected a \$185 million bond issue to build a Major League baseball stadium across from New York City. They approved \$198 million in bonds for prison construction and \$100 million in bonds for preserving historical sites and building cultural centers.

In Pennsylvania, a \$100 million bond issue was approved to acquire farmland to protect it from development.

Voters in Baltimore narrowly defeated an amendment to the city charter that would have required the city to provide a residence for all its homeless.

In the District of Columbia, voters rejected a proposed "bottle bill" that would have required consumers to pay a deposit on disposable beverage containers. National beverage wholesalers spent nearly \$2 million to defeat the measure.

Ohio voters rejected a proposal to have the state's 65 top judges appointed by the governor, rather than elected, as is now the case. Ohio labor unions were among the leaders of the drive to preserve the "sacred right" of citizens to vote for their judges. (WP, NYT)

# EL UPDATE

**Back Deregulation**

More than half the frequent flyer airline passenger group in the United States has voted to support deregulation.

Travelers worldwide was conducted by the International Air Transport Association, whose members fly 800 airlines.

On-time flight schedules are the top concern of the survey, says the survey, according to the study, the survey showed American Airlines to be the most preferred carrier in the world.

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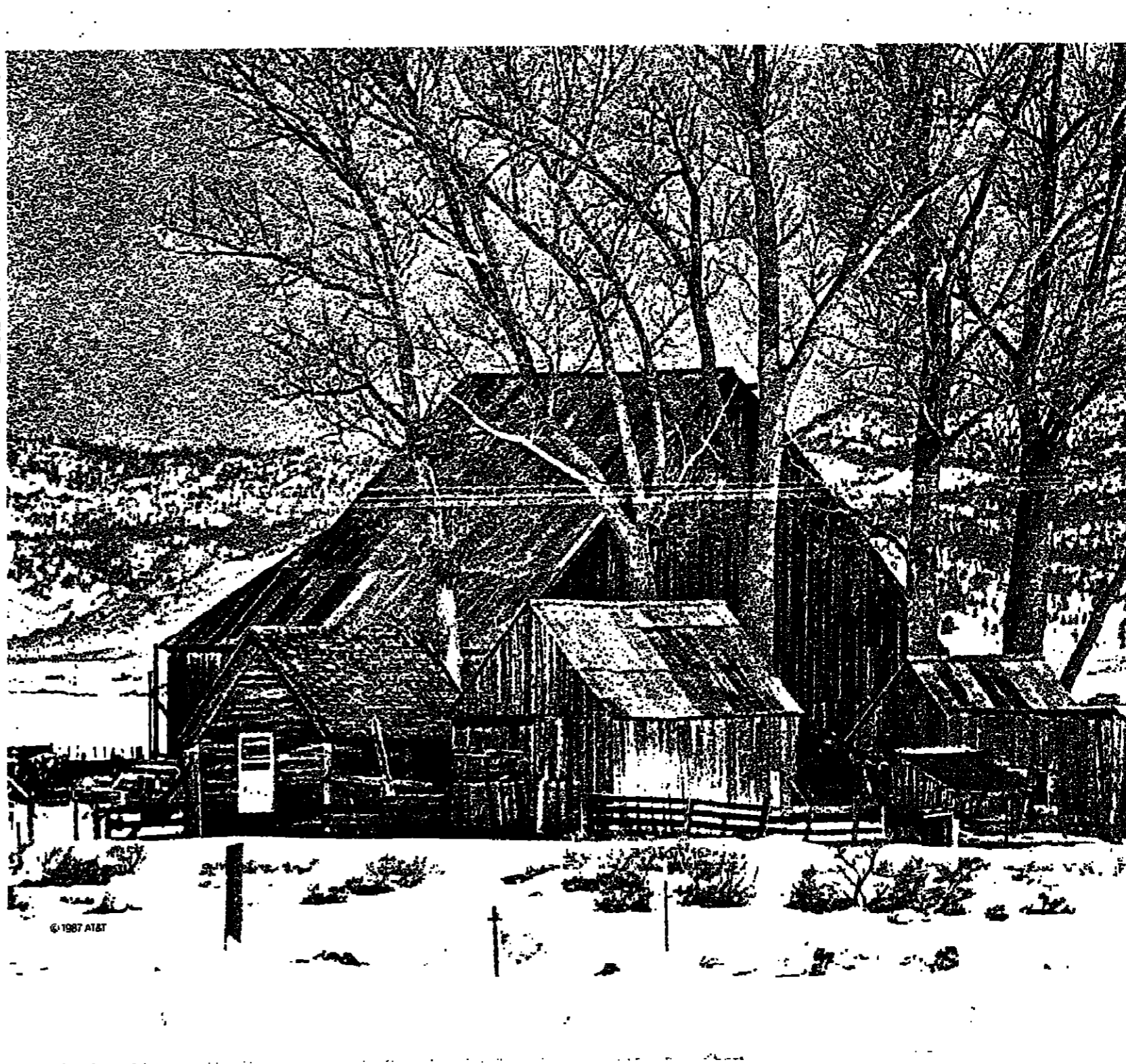
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OPINION

An Official Dose of Medium Personhood

By William Safire

WASHINGTON — An American lawyer in Moscow in 1965 asked his Intourist guide-guards the way to the men's room, slipped out the back of a restaurant and took a taxi to an address he had been given by a Canadian newspaper. The politically defunct lawyer was seeking a rendezvous with a former Soviet leader he had spoken with in a kitchen six years before.

KGB's Yuri Andropov, and his evocation of the fearsome Feliks in this latest revision of Soviet history is a cogent reminder to those who would seize power from him that the secret police, not the party bureaucracy, is the source of his control of the Politburo. Although he criticized some of Stalin's crimes, he pointedly omitted any criticism of Lavrenti Beria, the secret police chief killed soon after Stalin died. The heirs of Feliks Dzerzhinsky can do no wrong.

Red Army balance. That accusation is now in the Moscow air, despite its attempted suppression by Tass, and it weakens the leader who must denounce Stalin's cult while establishing his own. The desperate backtracking evident in this week's speech suggests that the man who needs a summit meeting now, to reassert authority at home, is not President Reagan but Mr. Gorbachev. Not for nothing (that style is getting to me) did the Soviet leader speak assuredly of "the third and fourth Soviet-U.S. summits" — the fourth being a Reagan visit to Moscow next summer, which some of us had not yet put on our travel schedules.

At the apartment house, the American was turned away by two burly women; the man he wanted to see was now a nonperson, existence officially forgotten, unavailable to visitors. Frustrated, the lawyer left a note, which was probably delivered to the KGB.

Do not be seduced into thinking that Mr. Gorbachev has suddenly been seized by a desire to let his people learn the truth about their past. Communist history never allows scholars to discover the way things really were; on the contrary, it directs them to reshape the facts to advance the party's current line.

One sentence must have been painful for Mr. Gorbachev to read out: "The Stalin personality cult... was alien to the nature of socialism." A week before, Boris Yeltsin, his handpicked Moscow party chief who kicked over the Gorbachev, denounced the general secretary for establishing his own personality cult.

Of course that charge is true. American accustomed to presidential buildups think nothing of it, but Communists know that a personality cult is a Stalin-style challenge to collective party-KGB-



Old Friends, Look Again

By Joe Murray

LUFKIN, Texas — I saw an old friend on the other side of the street and waved. He looked right through me and then looked away. That's the trouble with old friends, especially if you edit the newspaper. I spent the rest of the day trying to figure out what I'd done to make him angry with me. Heaven knows, it could be any number of things.

MEANWHILE

Something that did not get in the paper at all — an anniversary, a graduation, a funeral notice, a pie supper, a birth announcement. The world seems equally divided between those people

most anything, excepting perhaps printer's ink. I've had to defame my own kin from time to time, putting in the paper why they were put in jail.

Something that did not get in the paper at all — an anniversary, a graduation, a funeral notice, a pie supper, a birth announcement. The world seems equally divided between those people

wanting to get their name in the paper and those wanting to keep it out. Seems that I'm always having to do the opposite of what they want.

Like everybody else, I think I have it harder than anybody else. Probably it's much the same with other jobs. If you're a policeman and a friend snubs you, you have to wonder if any of your recent arrests were of his family.

If you're a teacher, you review in your mind who you've had to flunk lately. If you're a shopkeeper, could be that one of your clerks refused to cash his check or questioned his credit.

If you're a preacher... well, it's a wonder you can even walk the streets. Preachers have almost equal opportunity for offending folks as editors. Editors are given the edge, however, in that ours is a daily pulpit.

But even over a period of years, an editor cannot possibly get around to writing something to aggravate everybody. To make up for that, we have a staff of other editors and reporters for whom we are responsible.

But maybe I read too much into people reading the paper. I remember several years ago I waved at a fellow and he looked at me as if I didn't exist. I worried for days about that. Since he was a senior citizen, I figured it must have had to do with a program for the aging that the paper had perhaps slighted.

A week later, my wife happened to mention she had seen him at the grocery store and they'd had a nice chat. "Did you know he was going to have surgery?" she asked. "He said he has cataracts so he can't see to get around."

That's the trouble with old friends. Cox News Service.

Gorbachev Has Reason To Worry

By William Pfaff

It is not wholly surprising to think of Mikhail Gorbachev as the Kerensky of a new Russian revolution. If, of course, there were a new Russian revolution, it means impossible.

His speech on Monday at the 70th anniversary of the October Revolution is that of a reformer caught in the intransigent of those of the new men who want change to come quickly — men like the Russian, Nikita Khrushchev. I recall that abortive attempt to reach a Soviet person on reading Mikhail Gorbachev's speech at the 70th anniversary of Lenin's overthrow of the czar. Mr. Gorbachev chose to mention Khrushchev favorably, making permissible the discussion of his regime in history books.

Do not be seduced into thinking that Mr. Gorbachev has suddenly been seized by a desire to let his people learn the truth about their past. Communist history never allows scholars to discover the way things really were; on the contrary, it directs them to reshape the facts to advance the party's current line.

The authorized Gorbachev version of Soviet history has disappointed detente-niks, who thought he would strike a blow for credibility by endorsing Khrushchev's secret execution of Stalin's bloody dictatorship. Many are dismayed by his worshipful obeisances to Lenin, by his support of Stalin as the legitimate party heir against Trotsky deviationism, by his justification of the nonaggression pact with the Nazis, and by his halfhearted plea for Nikolai Bukharin, the economic pragmatist executed by Stalin.

That version, produced after 56 days in the wilderness, shows Mr. Gorbachev trying to position himself between the extremes of entrenched party bureaucrats and change-minded "reformers" who want heavier doses of perestroika and glasnost. Apparently in trouble, he has come back from the cutting edge, that may explain his recent diplomatic floundering and crackdown on dissenters.

What else would cause him to reach back to single out for praise Feliks Dzerzhinsky, founder of the feared Cheka that became Stalin's secret police? It is not for nothing, as the Russians say, that Lubyanka Prison, headquarters of the KGB, is on Dzerzhinsky Square.

Mr. Gorbachev is the protégé of the

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Insufficient and incompetent means, with major internal strain. An energetic, innovative, and decisive part of society which itself thwarted, checked by the system, unable to fulfill its plans, wronged by the system conviction among creative, that important careers no longer open to talent. Thus a "desert of intellectuals" — an abject commitment to the system of its most creative members.

Finally, there is a loss of faith among the rulers themselves, if any doubt that they are able to do with what is happening.

Soviet Russia has in many increasingly resembled the 1916-1917 in every one of its aspects. On the other hand, the fundamental differences, the standards of the masses of people have steadily improved and these will dip if Mr. Gorbachev's economic reforms are part of the international situation.

Elites still see the only possible vehicle for their work inside it, and they are fearful of change. People are fearful of change, no popular sense of things, anticipation of dramatic change.

It is the ruling group in the Union which is driven by the impending crisis. The trend is reversed. It is the leadership demands vast changes and that without them the country will run, as usual, by many people, the bureaucracy, government and industry, by the complacent or obstructive.

Professor Brinton adds that even when a society is stagnant or in decline, it begins to sense that something is to break, they still expect revolution for their children.

only for their children, comes redemptive, as a surprise reformers have failed — have run out of time.

International Herald Tribune  
Los Angeles Times Staff

50 YEARS AGO

would be unwilling to allow respite in which to reorganize shattered forces. The Greeks in Athens that they did not stay their hand until driven the Turks from Constantinople that they will dictate terms of peace in Constantinople.

1937: Manila Bids

WASHINGTON — President Quezon's assurance of American cooperation in the American of other powers transfer from Shanghai to Manila (Nov. 4) With the loss of the Sinjapanese and the interests believed that the trading centers in Manila a temporary solution to a problem in the Far East that Japan continues to activate in Shanghai.

WASHINGTON — An American lawyer in Moscow in 1965 asked his Intourist guide-guards the way to the men's room, slipped out the back of a restaurant and took a taxi to an address he had been given by a Canadian newspaper. The politically defunct lawyer was seeking a rendezvous with a former Soviet leader he had spoken with in a kitchen six years before.

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The FAO Election: Saouma Has Been a Strong Leader

Interest in the UN Food and Agriculture Organization has intensified in recent months because the election of a director-general for a six-year term is coming on Nov. 9. There are two candidates: the incumbent, Edouard Saouma of Lebanon, and Moïse Mensah of Benin, deputy director of the International Fund for Agricultural Development.

The FAO has accomplished much during Mr. Saouma's stewardship. Despite some recent criticisms, reported in some sectors of the Western press, he has proved a strong and effective leader who has upheld the organization's independence. He was characterized by The Economist in 1984 as "having little patience with the gentlemanly procrastination that some of his opposite numbers call interagency coordination."

The FAO was transformed from a primarily technical organization into a development agency under the leadership of B.R. Sen of India, who was the first head of a major UN agency from a developing country. An idealist and a visionary, Mr. Sen was especially sensitive to the needs of newly independent countries. Under Mr. Saouma, the change in the organization's status gathered momentum. He shifted the emphasis from long-term theoretical studies to more practical programs within countries.

One example of this is the Technical Cooperation Program, established in 1976 to provide small-scale, short-term assistance. In contrast with the approval processes for projects of many development agencies, which usually take several months and sometimes more than a year, projects under the Technical Cooperation

Program are often approved within a month of the request from a government.

The main theme of Mr. Saouma's administration has been food security. A food-security assistance plan was established by the FAO in 1976 to encourage the development of food reserves. In 1982 the concept of food security was broadened, with the goal of ensuring that all people at all times have access to the basic foods that they need. A moral commitment to this goal was affirmed in the adoption of a world food security compact at the 1985 FAO conference.

Since the main problems with regard to food security have been in Africa, the FAO has focused on it during the 1980s. For more than a decade it has warned the world about the food situation in Africa. Its global information and early warning system first reported on the threat of a major African food crisis in early 1983, and it has been involved in both emergency and long-term assistance.

If the FAO is one of the most effective UN agencies, why has it been criticized? The reasons are many. Like those of most UN agencies, its information department has not been very effective in communicating to the Western media the full range of the agency's activities and the results of its programs. Also, food and agriculture encompass so many issues and problems that very few people have a full picture of the FAO's extensive range of activities.

In recent years, when United Nations bashing has been popular in certain quarters, negative and sometimes biased reports have appeared. Large organizations have been critically reviewed, whereas smaller ones — even though they may

have been less effective — have received more than their fair share of praise.

Having advised nearly all the UN agencies, we would rate the FAO as one of the best. It compares favorably with the large national agencies such as the U.S. Department of Agriculture or the Canadian Ministry of Agriculture.

It takes a strong leader to run a major organization such as the FAO, and any strong leader has supporters and detractors. Irrespective of who wins the FAO election, when the history of the organization under Mr. Saouma is written he will undoubtedly be considered as one of the most effective heads of any UN agency.

ASIT K. BISWAS, MARGARET BISWAS, Oxford, England.

Mr. and Mrs. Biswas are consultants on environmental issues and rural development. Mr. Biswas is president of the International Society for Ecological Modeling in Oxford.

Arms Control: A Beginning

Edwin M. Yoder Jr. ("Fewer Missiles Will Mean Fewer Options," Sept. 4) asks: "Why enter an arms control treaty that lowers the nuclear threshold, weakens deterrence and invites adventurism without compensating adjustments in conventional and intercontinental weaponry? For show? For politics? For what?" The answer: For the first step!

DANIEL R. GOULD, Amsterdam.

It Might Clear the Air

A gasoline tax, according to the Washington Post editorial "The Case

for a Gas Tax" (Oct. 30), "would put a useful restraint on the rate at which the United States is burning oil," and at the same time it "would also do wonders for the atmosphere in the stock market."

Not to mention the atmosphere outside.

GABRIELE SCIMEMI, Deputy Director, Environment Directorate, OECD, Paris.

A Man's BMW Is His Castle

The question of having a speed limit on the autobahn can certainly be debated. But for Ferdinand Protzman ("Are Germany's Speeders Driven by More Than Fuel?" Oct. 26) to call West Germany "an otherwise tightly regulated society" shows very little understanding of the country. Having lived many years abroad in Europe, the United States and Canada, I consider West Germany one of the most liberal countries on Earth.

HANS-OTTO HARBERTS, Hamburg.

If West Germany were really a "tightly regulated society," we Germans would long have had a speed limit.

E. STEFF, Brussels.

Mr. Protzman's article on West Germany's wide-open autobahns made a few good points. Having lived in West Germany for the past 14 years, I have developed a love-hate relationship with these strips of tarmac and their aggressive, self-styled Rennfahrer, or race drivers. My rational self tells me that speed limits are necessary. On the other hand, my greatest fear is that when I finally reach the point

where I will be able to afford a Porsche or a Ferrari, they will pass a law setting speed limits the day I pick up the car.

CHUCK MOUTOUX, Bonn.

Two Killings in Indiana

The Washington Post editorial "Don't Execute Youngsters" (Oct. 1) seeks to make understandable the horror which many Europeans feel regarding the death sentence given to teen-ager Paula Cooper.

As an Indiana resident at the time of the murder, I read the details of the crime in our local paper. They were indeed horrifying — as is the Cooper sentence, in part due to its arbitrariness.

A few years ago, an elderly man was stopped by a teen-age couple in South Bend, Indiana, and the young woman engaged him in a conversation. The young man struck the elderly man on the head with an iron bar, killing him. The youngsters took his car and were later found enjoying themselves at an amusement park. The young man was not under the influence of drugs or alcohol. He was convicted of involuntary manslaughter and given a light sentence.

MARIE REIMERS, Feldkirch, Austria.

Plain Lord Alfred Douglas

Both T.J. Rothenwald Jr. (Letters, Oct. 1) and William Safire blew it. Lord Alfred Douglas had this title as younger son of the Marquess of Queensbury and should be referred to as Lord Alfred Douglas or, if abbreviation is needed, Lord Alfred.

E.M. FURNESS, Paris.

Advertisement for the Netherlands Foreign Investment Agency. The main headline reads: "How international do you require a country to be?" Below this is a large, dark, abstract image of a globe or a similar shape. The text continues: "Throughout its history, the Netherlands has always been very internationally oriented. This is evident from an entry made in a 17th-century ship's log-book: 'Wherever you go, you find the Dutch,' wrote the captain. This statement is just as valid today, as it was three centuries ago. For Dutch trade and industry still considers the whole world its area of operation. However, since the 17th century the world has also been coming to the Netherlands. International influences not only reached our country through intensive overseas trade. But also through the arrival of many people of other countries who came to the Netherlands seeking their fortune. The assimilation of these influences has given our country its pronounced international character. For many foreign enterprises, this international touch has been one of the major reasons for starting operations in the Netherlands. This aspect can also be extremely important for your company once you decide to 'go international', with the aim of reaching the European market. After all, our international orientation can provide your company with a solid base. We have the experience, the know-how and the connections. Moreover, our central location and highly developed infrastructure, with perfect connections throughout the European market, provide you with optimal transport possibilities. You can avail yourself of an extensive distribution system with advanced logistic methods, supported by the latest developments in telecommunications. Another important advantage is the compact size of our country giving you quick access to all necessary facilities. Your company can save a lot of valuable time. And achieve high returns. We'd also like to point out a few additional factors which could favourably influence your activities in the Netherlands. Such as our stable currency and strong private sector. Our vast financial and technological expertise. The availability of qualified personnel at all levels. And, last but not least, the incentives policy of the Dutch government. The Netherlands Foreign Investment Agency plays an active role with regard to this policy. With advice and guidance. And by helping you during the decision-making phase with information tailored to your specific requirements. To date, more than 3,500 foreign companies have successfully established operations in the Netherlands. Once again, proof of our strong international orientation. And for you, perhaps an indication of what the Netherlands can mean to the entrepreneur. If you would like more detailed information about investing in the Netherlands, write us or call. Or contact our consultant in your own country. For, as the captain said: 'Wherever you go, you find the Dutch.' In the Netherlands: Netherlands Foreign Investment Agency, Office for Europe, P.O. Box 20101, 2500 EC The Hague. Mr. Hubert Tabbers, Phone: (31)(70)797029/797645. In the United Kingdom: Peter Biddlecombe Associates, 6th Floor, 6, Vigo Street, London W1X 1AH, Phone: (1) 4375927. MINISTRY OF ECONOMIC AFFAIRS NETHERLANDS FOREIGN INVESTMENT AGENCY The Netherlands. A great country for investment.

GORBACHEV'S ANNIVERSARY SPEECH: Analysts and Soviet Allies Find Something for Nearly Everybody

Pushing the Limits of Change

Glasnost Runs Into a Reluctant, and Still Powerful, Party

By Philip Taubman
New York Times Service
MOSCOW — Mikhail S. Gorbachev's stated vision of a more open and democratic Soviet Union has emerged from two tests in recent days somewhat battered by the realities of the Communist system.

The two tests — Mr. Gorbachev's review of Soviet history on Monday and the earlier handling of Boris N. Yeltsin's threat to resign as head of the Moscow party organization — have demonstrated the limits of openness and served as a reminder of how different Mr. Gorbachev's concept of democracy is from Western practices.

The clear message has been that the Communist Party retains the power to determine the boundaries of news coverage and public debate, as well as the shape of Soviet history, and intends to exercise it.

Mr. Gorbachev has been unwilling, or unable, to push the limits. The view among most Western diplomats is that, at least in the case of Soviet history, he pressed as far as he could but felt the party was not yet ready to accept a radical new version of its past.

Soviet officials said Mr. Gorbachev, along with other members of the leadership, did not think the Yeltsin affair should be publicized in the Soviet Union because it was an internal party problem.

Mr. Gorbachev's effort to examine troubled pages in Soviet history, presented in a speech marking the 70th anniversary of the Bolshevik Revolution, opened the door on the past after a hiatus of 25 years, but seemed blunted by the party's continued reluctance to acknowledge past problems.

He said Stalin was guilty of "enormous and unforgivable" crimes, and Mr. Gorbachev restored official respectability to Nikita S. Khrushchev, the Soviet leader

er from 1953 to 1964, and Nikolai I. Bukharin, an associate of Lenin who was executed by Stalin in 1938.

But Mr. Gorbachev did not disclose the full scale of Stalin's excesses and he balanced his criticism with praise for Stalin's contribution to development. He stopped

NEWS ANALYSIS

A Tass report about the Tuesday news conference included an abbreviated account of Mr. Yakovlev's remarks about Mr. Yeltsin.

Mr. Yakovlev was asked whether Mr. Gorbachev had underestimated the number of victims of Stalin's purges when Mr. Gorbachev said Monday that "many thousands of people inside and outside the party were subjected to wholesale repressive measures."

Some Western historians estimate that millions perished. Mr. Yakovlev replied: "Why do you think if he said millions he would be speaking more of the truth than if you say thousands? This is your point of view. I know the rumors that persist in the West, but I think that many of these rumors lie on the conscience of certain people."

When asked whether there were any plans to publish Khrushchev's 1956 speech denouncing Stalin, which was delivered in secret to the Central Committee but never printed in the Soviet Union, Mr. Yakovlev said the question had not yet been studied.

Just how much the party's new version of history will govern the work of historians is unclear, and probably will not be apparent for a number of months.

But in a society where scholarship has long been guided by party views, it seems likely that historians will be cautious about pressing beyond the version of history presented by Mr. Gorbachev.

Mr. Yakovlev said: "Why do you use internal Tass statements? We don't use your internal statements."

Looking out into the audience of Soviet and foreign reporters, he added: "Incidentally, Tass, why didn't you publish this? Nobody seems to know why it wasn't published."

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Sakharov Awaits 'Whole Truth' on Stalin

Represented the first extensive comments by Mr. Sakharov in the mainstream Soviet press.

MOSCOW — Andrei D. Sakharov, the Nobel Peace laureate and dissident, said in a rare interview published Wednesday in the weekly Moscow News that "the whole terrible truth" about Stalin's rule remained to be told.

Mr. Sakharov hailed Nikita S. Khrushchev as an "outstanding world leader" and appealed for an end to "half-truth and suppression" in the Soviet treatment of history. The interview, conducted three days before the speech this week by Mikhail S. Gorbachev that touched on the Stalin period,

represented the first extensive comments by Mr. Sakharov in the mainstream Soviet press.

"I regard this as another demonstration of glasnost," Mr. Sakharov said afterward, referring to Mr. Gorbachev's policy of greater openness.

"In his speech, Gorbachev did not tell all the truth that should have been told about the 1930s and 1940s," he added. "Not everything satisfied me. I would have expected, and I hoped for, more."

Mr. Sakharov said he was encouraged by an announcement that a commission would investigate the extent of repression under Stalin.

Poland Hails 'Soviet Springtime' But East Germany Remains Cool

By John Tagliabue
New York Times Service

WARSAW — Moscow's closest East European allies appear to be applying a selective approach to the message of Mikhail S. Gorbachev's speech on the Bolshevik Revolution, depending on whether their own policies reflect or clash with his campaign for political and economic change.

In Poland, where the government is seeking to change on the coattails of Mr. Gorbachev, newspapers exulted Tuesday over the address.

"Socialism, not only in the Soviet Union, is entering a new stage of development," said Zycie Warszawy, the Warsaw daily, in a commentary. "The revolution is thrown into second gear."

In East Germany, the Communist Party newspaper Neues Deutschland published the text of the speech on its front page, but juxtaposed it with a congratulatory message to the new Chinese Communist Party leader, Zhao Ziyang.

The accompanying East German reporting lacked any exultant tone. Only last week Neues Deutschland was unusually outspoken in attack-

ing a recent Soviet film that dealt critically with the Stalinist period in the Soviet Union, condemning it as "nihilistic," "inhuman" and "without perspective."

The criticism was remarkable since the film, "Repentance," by the Georgian director Tengiz Abuladze, was one of the first to emerge in the Soviet Union under Mr. Gorbachev's campaign for greater cultural openness. It also has been shown in other East bloc countries, including Poland.

Some diplomatic analysts say that criticism, coupled with extensive East German reporting on the Chinese Communist Party Congress in Beijing, reflected the coolness of the East German leadership to some aspects of Mr. Gorbachev's efforts toward change.

If the East German press was reserved in its enthusiasm, Poland's reporting sought to award General Wojciech Jaruzelski, the Polish leader, a principal supporting role in the cast of reformers surrounding Mr. Gorbachev.

General Jaruzelski was the first non-Soviet leader to address the Kremlin gathering after Mr. Gorbachev and the first East bloc leader

to meet privately with the Soviet leader on Tuesday.

The general's speech, which was published in full along with that of Mr. Gorbachev, stressed the watershed character of the 70th anniversary celebrations in Moscow.

There was perhaps unintended irony in his characterization of Mr. Gorbachev's blueprint for change as a "Soviet springtime." That appeared to evoke the phrase "Prague Spring," what was used to describe the changes in Czechoslovak Communist policy that led in 1968 to the Soviet invasion.

But General Jaruzelski went on to say: "Transformations reaching to the core are coming. They reflect the objective regularity of historical development. This is, therefore, a lasting and irreversible process."

Most East bloc governments have thrown themselves in recent months into programs of economic change, usually coupled with more cautious political changes. Some have exploited the room for action created by Mr. Gorbachev's own policies; others appear to be seeking Soviet favor by following what they perceive to be Moscow's lead.

But while Hungary, Poland and Bulgaria have announced drastic changes, the leaders of East Germany, Czechoslovakia and Romania have been more cautious.

Diplomatic analysts said this appeared to be reflected in the reactions to Mr. Gorbachev's speech, which East bloc leaders apparently were studying closely for clues to the relative support within the Soviet leadership for his program of change.

That, in turn, would enable them to gauge the measure of their own future commitment to policies of change, the analysts said.

Too Much, Too Fast? Western Analysts Can't Make Up Their Minds

By Barry James
International Herald Tribune

Mikhail S. Gorbachev's speech on the 70th anniversary of the Russian revolution has produced widely divergent interpretations among political analysts in the West.

These interpretations often reflect the general views of the analysts about the nature of Soviet society and the likelihood of Mr. Gorbachev's achieving deep-rooted reform.

The disagreement is particularly intense over the significance of Mr. Gorbachev's treatment of the Stalin era. One specialist said that the speech was "infinitely more timid" than that of Nikita S. Khrushchev 31 years ago, but another called it courageous and bold.

Cesare Mezzini, president of the Institute for International Affairs in Rome, said the speech could be considered from various aspects, like a glass that is either half empty or half full.

"I think Gorbachev was able to give the sense that the glass is slowly, painfully but definitely filling up," he said. "His speech gives a sense of the dynamics involved."

Egon Bahr, the architect of West Germany's Ostpolitik under Chancellor Willy Brandt, called the speech "honest," while reflecting Mr. Gorbachev's need to pace his reforms. "There are tendencies to go further and faster than the system can bear," Mr. Bahr said. "The regulation of the pace is a determining factor for the success or failure of reform. That is Mr. Gorbachev's problem."

"My impression is that Gorbachev is obviously in trouble at home," said Josef Joffe, foreign editor of the Süddeutsche Zeitung in Munich. "This was a Gorbachev we have not seen before now — a leader who is cautious and conservative. I would think he has finally taken cognizance of the fact that you can't rebuild a 70-year-old system the way American presidents invent a new Jerusalem every four years."

Andrew Pierre, director general of the Atlantic Institute in Paris, while agreeing the speech was cautious, said that "we don't know whether it was cautious in a practical sense or whether it was a strategic retreat."

Francois Heisbourg, director of the International Institute for Strategic Studies in London, also believes that Mr. Gorbachev is having to pull in his horns in the face of domestic opposition.

"A sense of the obstruction that Gorbachev is encountering can be judged by comparing his speech with Khrushchev's Stalin speech," he said. "Admittedly, that was secret and Gorbachev's was public. However, the fact remains that Khrushchev was precise and far-reaching in his analysis of Stalin's crimes, while Gorbachev was infinitely more timid."

Perhaps, some experts believe, expectations were too high to begin with.

"We were led by leaks coming out of Moscow to believe that this was going to be a major speech revising Soviet history," said Richard Pipes, a Harvard University historian, who has served as a National Security Council specialist on the Soviet Union. "But I don't see how anyone can interpret it in that way."

Mr. Pipes called the speech "a step backward in some ways."

Other experts said the airing of painful historical issues on live television was significant in itself.

"It was courageous," said William G. Hyland, editor of Foreign Affairs magazine in New York. "He obviously opened some old wounds, and that's always dangerous and therefore bold. He didn't have to go that far on a number of historical issues."

"The main thing," Mr. Hyland added, "is that he has rehabilitated Khrushchev. That's different."

Mr. Hyland said the speech supports the view that Soviet foreign policy will become more accommodation.

"He is trying to build a historical case for his own program, and he goes out of his way to link his policies with those of Khrushchev and Lenin," he said.

"It's an enormously important speech, a major political development, and to dismiss it because it was not a full expose of the past is to miss the point," said Stephen F. Cohen, a political scientist at Princeton University. "Historical truth isn't the issue. The issue is the great political struggle under way in the Soviet Union."

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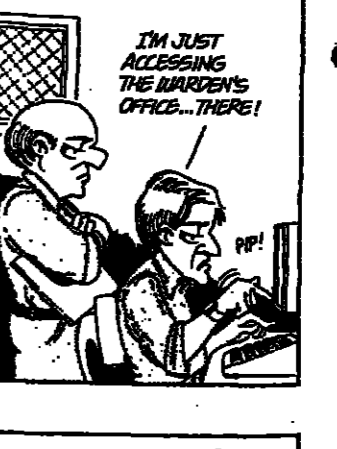
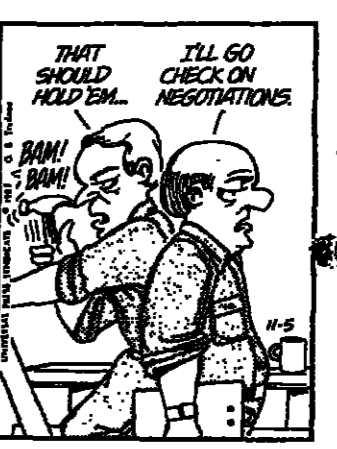
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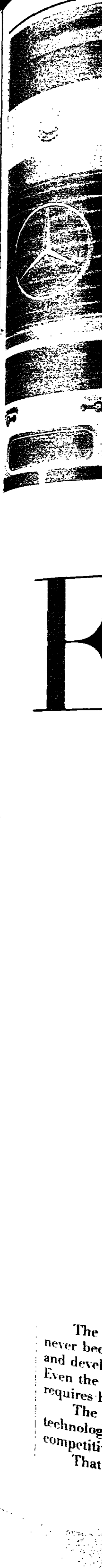
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DEATH NOTICE. JUDY ATWELL. Lady Atwell, thirty year resident of Paris, France, died in San Diego, CA on 8-28-87. For info, contact S. Williams, 187 Pratts Mill Road, Sudbury, MA. 01776 USA.

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### Too Fast? Analysts Can't Peer Minds

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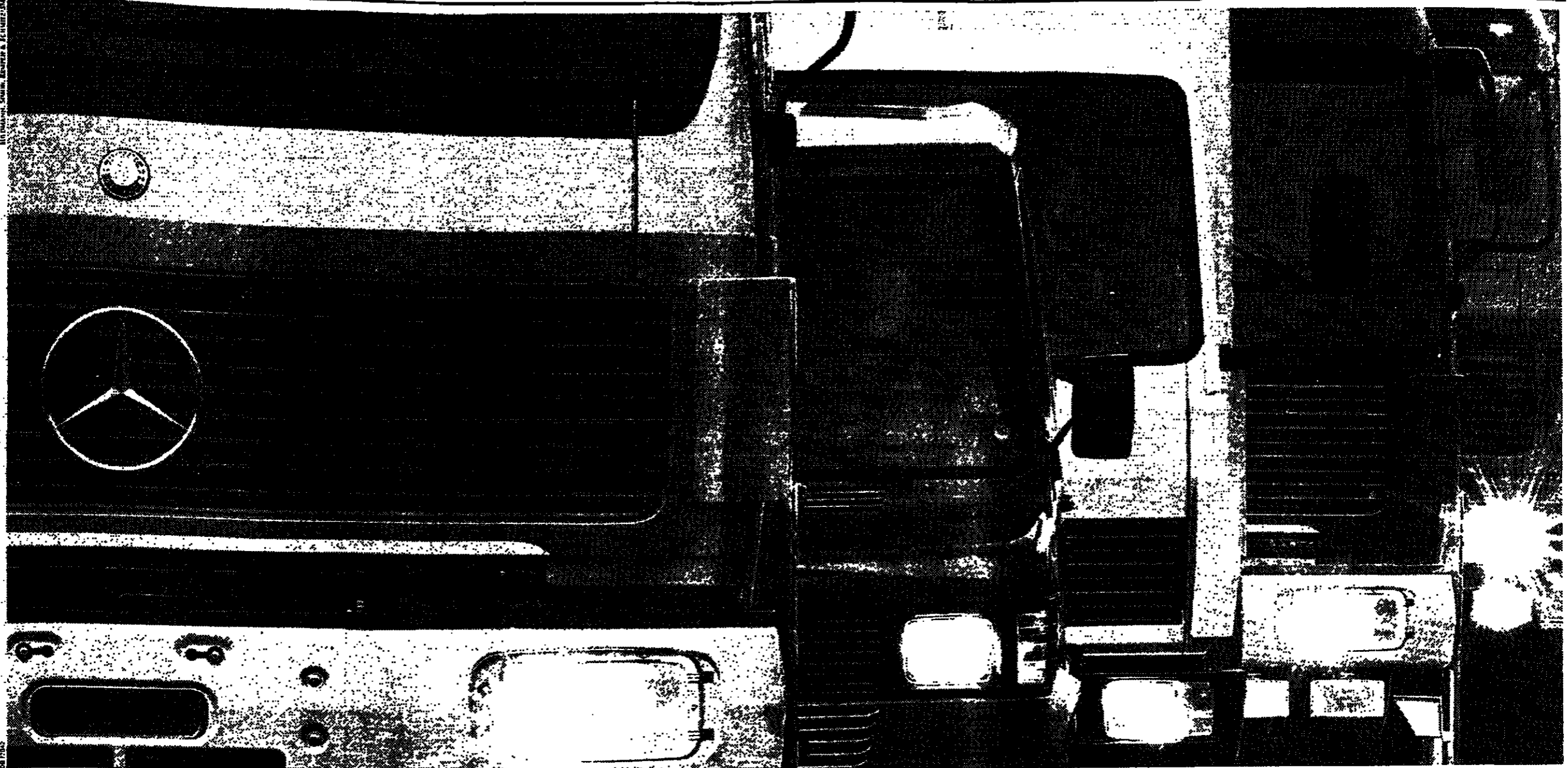
Other experts said the speech raised painful historical issues on which revision was significant in itself.

"It was courageous," said William G. Hyland, editor of Foreign Affairs magazine in New York. "He obviously opened some wounds, and that's always courageous and therefore bold. He had to go that far on a sensitive historical issue."

"The main thing," Mr. Heisbourg added, "is that he has rehabilitated Khrushchev. That's different."

Mr. Hyland said the speech supports the view that Soviet foreign policy will become more moderate. "He is trying to be a historical case for his own part, and he goes out of his way to link his policies with those of Khrushchev and Lenin," he said.

"It's an enormous speech, a major political statement, and he makes a point of not a full exposure of the truth to miss the point," said Ben Cohen, a political analyst at Princeton University. "The truth isn't the issue. The issue is great political damage done in the Soviet Union."



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**DOONESBURY**

# 90 Days Into Peace Pact, Central America Strife Appears to Be Widening

By Julia Preston  
Washington Post Service  
MANAGUA — As a peace accord begins to take effect Thursday in five Central American nations, the guns of war are sounding more loudly in the region than they did three months ago when the pact was signed, according to politicians and diplomats.

In the 90 days between Aug. 7, when the presidents of the five nations agreed in Guatemala, and Nov. 5, the first deadline of the accord, there has been a torrent of activity by governments in the region seeking to meet its terms requiring cease-fire, amnesty, political dialogue, nonintervention and democratic reforms.

But already many initiatives have done more to delineate than to close differences between governments and the armed rebels arrayed against them, or between sharply opposed governments, according to regional observers.

As the plan evolved, its Nov. 5 deadline went from being the last day for the five governments to comply with the accord to being the first. The foreign ministers of the region argued during their meeting last week in Costa Rica that it would be premature to assess any government's progress at this time.

The presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua now agree that they must complete their efforts toward compliance and face a more definitive collective judgment when they reconvene in another meeting sometime after Jan. 14.

As of now, the consensus among observers in the region is that the accord is very much alive, and very troubled. President Oscar Arias Sánchez of Costa Rica, the main architect of the plan, said last week that it was at an "impasse."

A weakness is that two of the key actors who can make or break the pact never signed it: the Reagan

administration and the U.S. Congress.  
If the U.S. Congress accepts the administration's proposal for up to \$270 million in aid to the Nicaraguan rebels, the war in Nicaragua will escalate and the leftist Sandinista government has said it will feel forced to reject further compliance no matter what the other nations decide.

If the five presidents eventually deem the pact to be working, Democrats in the Congress will be in a strong position to reject new aid for the rebels, who are known as contras. The core conflict in the region will gradually wind down, leaving the Sandinistas in power.

Since Aug. 7 there have been no fundamental changes in the underlying conflicts in three nations: Nicaragua, El Salvador and Guatemala. In Nicaragua, an estimated 9,000 contras object to the Sandinista National Liberation Front's pervasive political control, collectivist economic policies and tilt toward the Socialist bloc.

The Sandinistas, more passionately than ever, reject the contras as U.S.-salaried mercenaries whose only goal is to recover properties and powers they lost in the 1979 revolution.

In El Salvador, President José Napoleón Duarte remains hamstrung by a hard-line military to his right and about 6,000 guerrillas to his left whose basic demands have not changed in three years.

In Guatemala the poverty of the majority Indian population and ongoing rightist death-squad murders have brought new recruits to a decades-old movement of about 2,000 Marxist guerrillas who in the mid-1980s came close to extinction.

A crucial issue now emerging is whether any leader or organization in the region will have enough authority and access to give an unequivocal evaluation of compliance all sides will accept.



**KOCH PRAISES 'PEACEMAKER'** — Mayor Edward L. Koch of New York praised President José Napoleón Duarte of El Salvador, right, as a peacemaker Tuesday and assailed leftist rebels for seeking power "simply by

virtue of the fact they have arms." He is touring Central America as an unofficial observer of the Arias peace plan and was flown to San Salvador after rebels threatened traffic on the road between the capital and the airport.

# 4 Are Charged in U.S. With Smuggling Lasers

The Associated Press  
WASHINGTON — Two Japanese businessmen and two Hungarian diplomats have been indicted on charges of smuggling high-technology laser equipment from the United States to Hungary.

The 15-count indictment, which was handed down Tuesday by a federal grand jury in Asheville, North Carolina, capped a three-year investigation by federal authorities into the diversion of U.S. high-technology equipment to the Soviet bloc.

The Japanese and the Hungarians are accused of smuggling an American-made laser trimming system from the United States through Japan to Hungary.

The two Japanese charged were Yoshie Fujinuma and Keisuke Katsuta and their company, the Kurionoto Trading Co. of Tokyo. The two Hungarian diplomats were Isvan Rona and Clara Uitz, who were based in Tokyo at the time of

the technology transfer, which the indictment said took place from May 1982 through November 1983.

None of the four have been arrested, and their whereabouts are not known, a Commerce Department spokesman said.

Paul Freedenberg, acting commerce undersecretary for export administration, said the laser trimmer was a key component in the production of semiconductors.

According to the indictment, the two Hungarians arranged for the two Japanese to purchase the laser trimmer in the United States through a North Carolina businessman, Charles Meyer, who has been arrested and has pleaded guilty in connection with the affair. The indictment said Mr. Katsuta then arranged to have the system exported to Japan.

After being shipped to Tokyo, the laser system was smuggled from Japan to Budapest in the household effects of Mr. Rona.

# Brazil Confronts AIDS-Related Threat: The Urge to Spread It

By Bradley Graham  
Washington Post Service  
CAMPINAS, Brazil — Late one Friday afternoon last month, a 31-year-old man with AIDS visited a local treatment center feeling depressed.

He had murder on his mind. Lonely and distraught, he had been planning a sexual binge to spread the fatal acquired immune deficiency syndrome widely through Campinas, a city of 850,000 about an hour's drive north of São Paulo.

Dr. Silvia Bellucci, an immunologist at the center, recognized the man's urge. She had seen the same impulse numerous times before in other AIDS victims, this macabre wish to pass the virus to unsuspecting others.

She also knew the visitor from his attendance at group therapy sessions. He is a systems analyst at

a data-processing firm, and the father of two daughters. Three years ago, he began having homosexual relations and contracted AIDS.

Soothingly, Dr. Bellucci comforted the would-be murderer and drew him back to his senses.

"He sat right here on the couch," the doctor recalled during an interview in her outer office. "It was his birthday and he said he was feeling sad and anxious. No one had done anything to celebrate the day.

"He started crying and said he had been thinking of going out and spreading AIDS to at least 50 people. I cried with him, and then we talked for an hour and a half until he calmed down."

Second to the United States in the number of reported AIDS cases, Brazil is now confronting the threat of willful transmission of the disease. Medical experts here say

the desire to spread the virus occurs in victims elsewhere but seems to have received more widespread publicity in Brazil.

Simply identifying the sufferers of AIDS and easing the physical pain of their final days is said to be insufficient both for the victims and for everyone else's protection. The illness demands psychological care.

But in developing countries like Brazil, already hard-pressed to provide even basic medical services, the complications and traumas of AIDS go largely untreated.

In one previously unpublicized case in September, according to the center where Dr. Bellucci works, a 29-year-old drug addict who knew he was close to dying of AIDS gave a party in Campinas.

Without confessing his condition, he passed around a syringe of

cocaine diluted with his own infected blood, exposing about 20 people, ranging in age from 15 to 25, to the risk of contamination. They are now being seen at the center.

In the southern city of Florianópolis, residents have been panicked for two weeks over a police report of a purported pact among a small group of drug addicts to spread AIDS. An 18-year-old girl caught stealing furniture from an apartment building where she lived told authorities of the alleged pact. She identified a married couple infected with the virus as the ringleaders.

They were said to have hosted parties at which they mixed their blood with cocaine and used a single syringe to inject it into others.

The accused have denied scheming to spread AIDS. As authorities try to establish the truth, Brazilian newspapers say Florianópolis is swirling with rumors that up to several hundred people may have fallen prey to the alleged plotters and that schoolchildren were fed contaminated chocolates by the group. The virus is not transmitted through food.

Behind the urge to inflict AIDS on others lies a combination of sadistic and masochistic impulses, doctors say. Resentment against society merges with loneliness, despair and disgust with oneself.

"It is a mix of wishes to contaminate others and, as a kind of self-punishment, to be re-contaminated," said Margo Mair Marques, a

psychologist who treats AIDS victims in Campinas.

"It is usually a phase," she said, "part of the ups and downs of coming to terms with the disease."

Often, the impulse is not explicitly articulated but exists subconsciously. "Some victims knowing they have AIDS keep behaving as if they were not infected," she said. "Others say they are not worrying about the consequences of their actions. They say they couldn't care less about passing on the disease. That's really a kind of masking of the intention to infect others."

Public insensitivity to those with AIDS has aggravated the problem, according to medical experts. Along with a growing awareness in Brazil this year of the dangers of AIDS, there have been reports of infected persons being expelled from jobs, run out of towns or hunted down by the police. Recently, health officials ordered clinics to start reporting the names of anyone who has tested positive for AIDS antibodies.

Such measures are said to drive victims of the illness deeper into depression, or to give rise to anger. Some victims choose suicide. In São Paulo, where the majority of the known AIDS cases in Brazil are concentrated, 60 AIDS victims killed themselves in the first six months of this year, according to statistics kept by a medical law institute.

Dr. Bellucci, who has been work-

ing with AIDS patients since Brazil's first cases surfaced in 1982, says they need psychological care to combat what she calls the "AIDS ghost," an obsession with the fatal disease.

**Concern in San Francisco**  
AIDS tests will be urged for about 30,000 former patients who received blood at three hospitals in the San Francisco area from 1977 to March 1985, United Press International reported from San Francisco.

It has been estimated that up to 1 percent of blood supplies provided to the Kaiser health-plan hospitals during that period were contaminated with the AIDS virus. The hospitals are in San Francisco, San Rafael and Vallejo.

**Lebanon Guerrillas Kill A Member of Militia**  
KIRYAT SHEMONA, Israel — A member of the Israeli-backed South Lebanon Army militia was killed and four others were wounded in a clash with Iranian-backed Hezbollah guerrillas in Lebanon overnight Tuesday, security officials said Wednesday.

Three other South Lebanon Army fighters were wounded by mines planted by guerrillas, the officials said.

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# Tutu Cites Pretoria in Mozambique Killings

JOHANNESBURG — Archbishop Desmond M. Tutu, the 1984 winner of the Nobel Peace Prize, accused South Africa on Wednesday of sharing responsibility for a massacre in Mozambique in which 278 people died.

In a statement that is bound to anger Pretoria, the Anglican leader said that South African denials of

involvement in the killings north of Maputo last Thursday lacked credibility.

Mozambique has said the massacre was carried out by rightist rebels of the Mozambican National Resistance, known as Renamo, which Maputo says is helped by South Africa.

Pretoria, which denies aiding the rebels, said Monday it took the

strongest exception to accusations that it masterminded the killings.

"But the government's outright protests out no ice," Archbishop Tutu said. "Developments in Mozambique are forcing more and more national people to the inescapable conclusion that the South African government shares responsibility for the dreadful carnage in that country."

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After a decade of rents, the office capital is finally ready. Excellent public network of new towns more attractively be left behind. provinces are offering business.

In recent years the French government has made determined efforts to decentralize. The French central government continues to win hands down on office space. With half of the office stock of the country, 70 percent of the insurance companies, 50 percent of French bank headquarters and the headquarters of multinational companies, Paris remains irresistible. Sixteen thousand Driscoll's and Peau d'Annon Enterprises. A lot of people will be moving out to the suburbs but I don't think it will be all that difficult to replace them.

Of course the city has its disadvantages — pollution, parking problems, inefficient office space. But in response to a survey last June for the Club de l'Immobilier, 90 percent of the people working in the rue de la Boétie in the heart of the 8th arrondissement said they "could not possibly envisage moving away from their present quarters."

**Liberalization**  
The reason for the current healthy state of the office market in Paris and the building boom in the Western suburbs is the French government's liberalization in 1985 of development permit or "agreement" regulations, which alters the balance of supply and demand. Formerly speculative developments were not allowed to build more than 1,000 square meters (130 square yards) of office space without the permission of DATAR, the French industrial development agency.

"As soon as the requirements were waived, developers began building as rapidly as possible. It was a revolution," says Jean-Claude Bourdais, head of Bourdais Consultants. "Within two years investors had bought 2 million square meters."

Between 1984 and 1986 "speculation and a buildup of pushed up rents dramatically," says Robert Lipscomb, partner at Healey and Baker. Real estate professionals now foresee a return to equilibrium with a slowdown in rental increases, depending on the move to the suburbs by large companies and the relaxation of planning obligations in the city center.

The open market has created a stimulus for developers and investors — and at the same time a nagging fear that builders may have gone too far.

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ADVERTISING SECTION

# FRENCH COMMERCIAL REAL ESTATE

After a decade of tight space and high rents, the office market in the French capital is finally reaching an equilibrium. Excellent public transport has made a network of new towns and nearby suburbs more attractive to business. Not to be left behind, dynamic cities in the provinces are offering an array of science, business and high-tech parks.

In recent years the French government has made determined efforts to decentralize. The French capital, nevertheless, continues to win hands down on office rentals. With half of the office stock of the country, 70 percent of the insurance companies, 96 percent of French bank headquarters and the quasi-totality of the headquarters of multinational companies, Paris remains irresistible. Says Jonathan Driscoll of Féau Hampton Enterprises: "A lot of people will be moving out to the suburbs but I don't think it will be all that difficult to replace them."

Of course the city has its disadvantages — pollution, parking problems, insufficient office space. Still, in response to a survey last June for the Club de l'Immobilier, 60 percent of the people working on the rue de la Boétie in the heart of the 8th arrondissement said they "could not possibly envisage moving away from their present quarters."

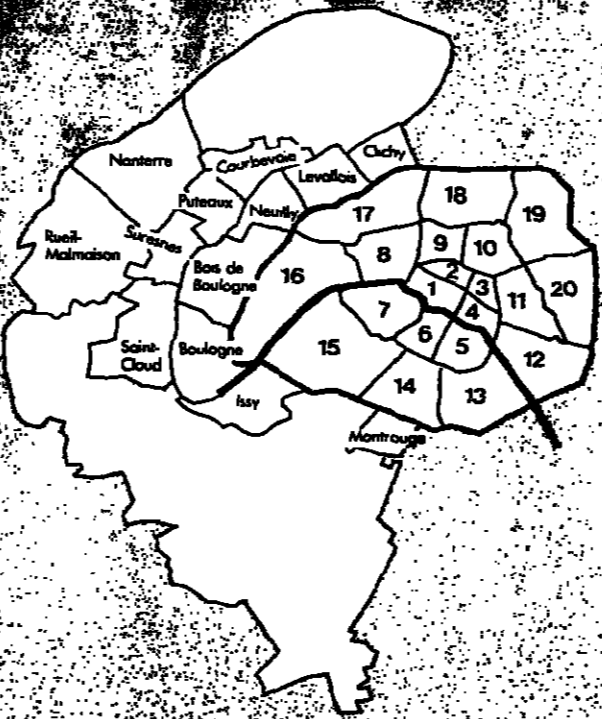
**Liberalization**  
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"As soon as the requirements were waived, developers began building as rapidly as possible. It was a revolution," says Jean-Claude Bourdais, head of Bourdais Consultants. "Within two years investors had bought 2 million square meters."

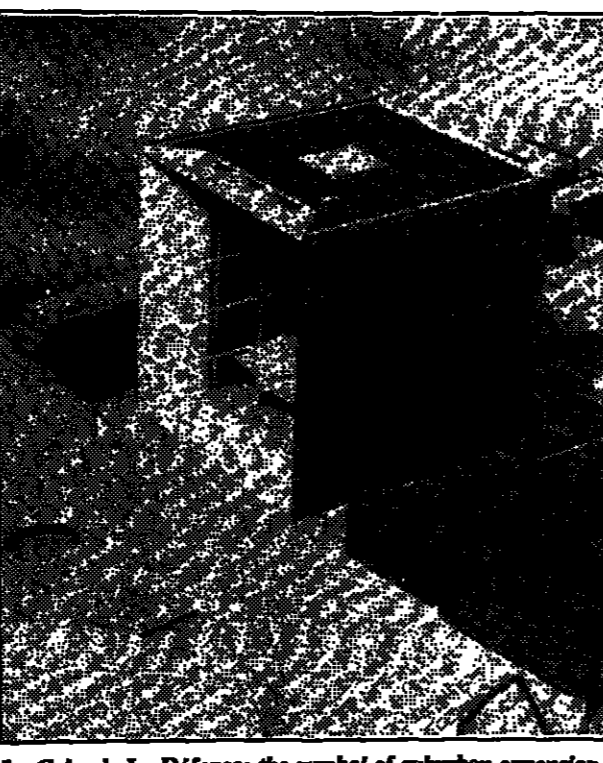
Between 1984 and 1986 "signation and a buildup of demand for central Paris space pushed up rents dramatically," says Robert Lipscomb, partner at Healey and Baker. Real estate professionals now foresee a return to equilibrium with a slowdown in rental increases, depending on the move to the suburbs by large companies and the relaxation of planning obligations in the city center.

The open market has created a stimulus for developers and investors — and at the same time a nagging fear that builders may have gone too far

OFFICE VALUES IN WESTERN PARIS SUBURBS	
January 1987	
Suburbs	Rent per m <sup>2</sup>
Neuilly	1,700/2,200 FF.
Levallois-Perret	1,000/1,400 FF.
Boulogne	1,000/1,500 FF.
Issy-les-Moulineaux	800/1,100 FF.
Nanterre	750/1,250 FF.
Rueil-Malmaison	650/950 FF.
Clichy	700/950 FF.
Montrouge	750/1,000 FF.
Suresnes	700/1,100 FF.
Saint-Cloud	700/1,000 FF.
La Défense-Courbevoie	1,200/1,900 FF.
Puteaux	1,200/1,900 FF.



OFFICE VALUES IN PARIS	
January 1987	
Paris	Rent per m <sup>2</sup>
Exceptional sites: Vendôme	2,700/3,200 FF.
George V - Montaigne	
Grande - Madeleine	
1st/2nd arrondissement	2,000/2,700 FF.
2nd/4th arrondissement	1,200/1,900 FF.
5th/6th/7th arrondissement	1,300/3,000 FF.
8th arrondissement	2,300/3,000 FF.
9th arrondissement	1,100/2,500 FF.
10th/11th arrondissement	900/1,300 FF.
12th/13th arrondissement	900/1,400 FF.
14th/15th arrondissement	1,300/2,200 FF.
16th arrondissement	1,750/2,500 FF.
17th arrondissement	1,500/2,200 FF.
18th/19th/20th arrondissement	900/2,500 FF.



Le Cube de La Défense: the symbol of suburban expansion.

too fast. Says Jean-Pierre Portet of Entreprenis et Régions: "I am convinced that it is impossible to go from a certain framework of rules to total liberalization. In the past, the hedge was very high but once you crossed it you could sell what you had produced. This liberalization could bring about a terrible amount of wasted investment."

**Choice Markets**  
Many real estate professionals agree that liberalization has created a more sophisticated market in which the user will have more choice — and

demand more quality. Bourdais says that "there will now be a distinction within neighborhoods. Before, there was a price per square meter for all buildings within the same neighborhood, no matter what the condition of the building. Now owners are going to have to be careful about asking the price that corresponds to what the building offers." Comments Clive Llewellyn, head of Féau Hampton Enterprises: "A top rental in central Paris can reach 3,000 francs per square meter. But users aren't stupid and they are now realizing the

difference between a vague renovation and an entirely renovated building with all the modern conveniences."

**The Move Out**

Paris is attractive — but it doesn't always fit the needs of companies wishing to regroup or expand. As the cost of office space in the inner city rises, both French and foreign companies are getting acquainted with suburbs to the West and the South as well as the five new towns of Evry, Melun-Senart, Marné-la-Vallée, Saint-Quentin-en-Yvelines and Cergy-Pontoise.

Says one real estate adviser: "The situation now is just the opposite of what it has been over the past few years. In the 1970s the demand was for the center of Paris and the center of the regional capitals. Now high tech parks have come of age around cities and while there is not exactly a mass move away from Paris, companies setting up in France are now more willing to consider locations farther away than the prized 'Golden Triangle.'"

**La Défense**

The move toward the suburbs began in the 1970s, first with a shift toward Neuilly and then across the bridge to La Défense, an office complex created on the doorstep of Paris in the late 1950s by the central government as an alternative to the Paris office squeeze. Although the complex had its ups and downs,

particularly after the oil crisis in 1974, it is now "95 percent" finished according to officials at the Etablissement Public pour l'Aménagement de la Défense (EPAD), the public body in charge of planning at La Défense, which qualifies the project as a "total success." Says Clive Llewellyn,

president of Féau Enterprises: "I think the turnaround at La Défense was one of the major success stories of the past few years. It came from being a white elephant disaster and totally unlettable to a highly successful operation."

Comments Paul Raingold, managing director of Générale

Continente Investissements which in a joint company with Heron International in July bought "La Colline Nord," the last prime piece of land in La Défense: "The great thing about Paris is that it has managed to keep the architectural beauty of the city and protect it from towers. Still, a lot of space in Paris is sub or semi-standard and people are now asking for quality space — modern efficient space in which to put their computer systems. A lot of buildings constructed 30 or 40 years ago just can't accommodate modern computer equipment and workstations." Acquired for 170 million

which reinforce the perpendicular aspect and act as the fore-runners of what can be the reorganization of La Défense toward the North and South." Developers say that the 35,000 square meters of office accommodation which will be spread over seven individual low-rise buildings adjacent to the cube will be the first project in La Défense to provide raised floors for cabling.

The success of La Défense clearly lifted any stigma investors, developers, and users may have felt about the suburbs. "It is a fact," says an EPAD spokesman, "that the 2 million square meters of office buildings now being put

'As soon as the requirements were waived, developers began building as rapidly as possible. It was a revolution.'

dollars as a turnkey operation from the SAEM Tête Défense, a semi-public body, La Colline Nord forms part of the prestigious La Tête Défense complex, best known for its empty marble cube with 110-meter-long sides designed by the late Danish architect Johan Otto von Spreckelsen. The walls of the Grande Arche will house 35 floors of offices for 5,000 employees. On either side are low-rise office buildings designed by architect Jean-Pierre Buffi, who says his aim is to "create a series of buildings

up in the suburbs would never have been launched without the success of La Défense."

Between two million and three million square meters of offices are being planned in the Western suburbs of Levallois, Puteaux et Courbevoie for 1992 — compared to only 550,000 square meters of new office buildings within Paris. Cassandras say the building spree will lead to a glut. Most professionals, however, say that the building in the sub-

(Continued on Page 10)

## IN THE CITY OR SUBURBS FIND THE RIGHT LOCATION

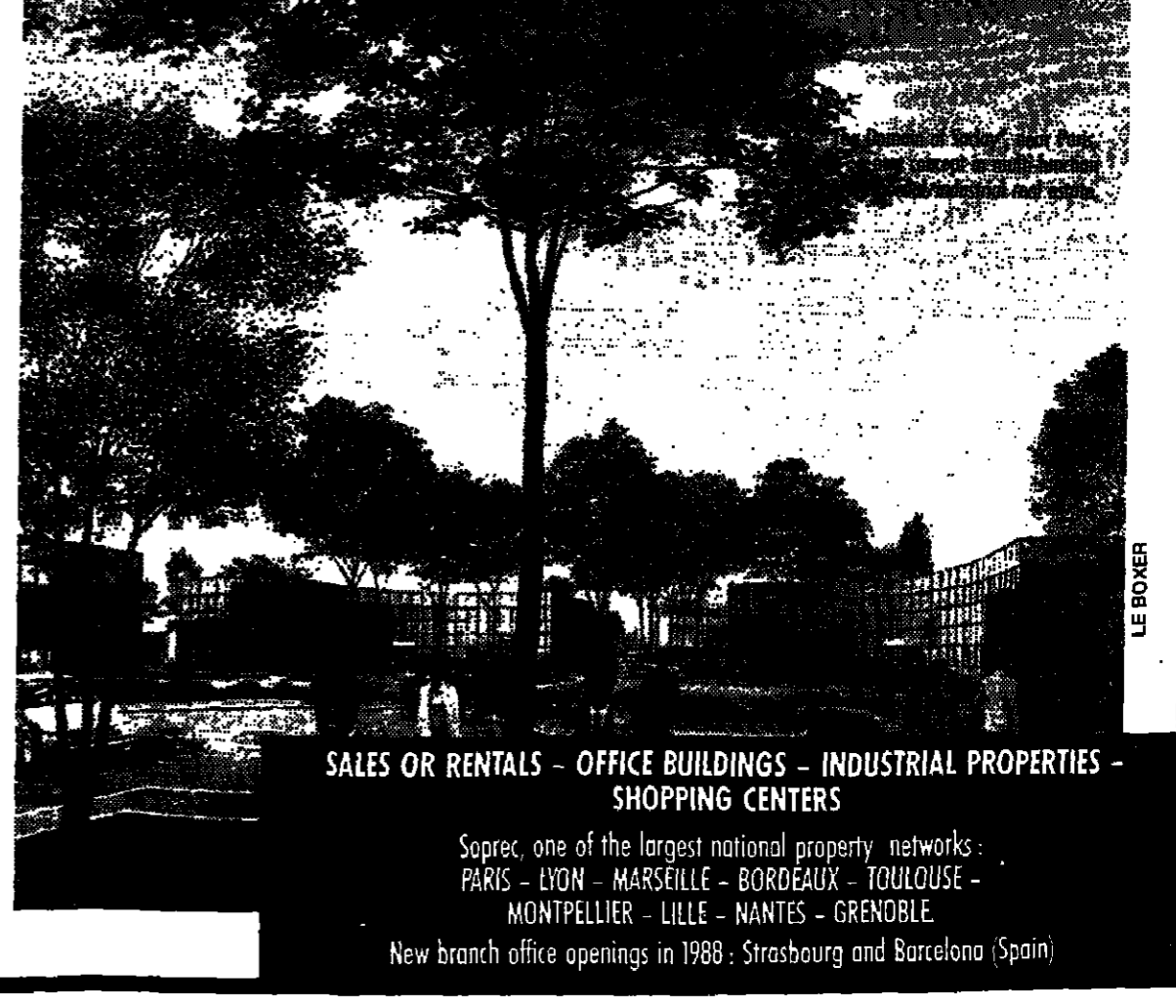


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French Commercial Real Estate (Continued from Page 9)

urbs will simply lead to more choice. Says Clive Llewellyn of Féau Hampton Enterprises: "The question of overproduction in the Western suburbs is one of quality not quantity. It is probably the older, less well-located buildings which will suffer most, not those just going up. But we are defini-

nitely moving toward a situation where there is a choice in the Western suburbs." High Tech The suburbs of Paris have lent themselves admirably to the development of high tech parks. CGI, the leader in France of rental parks, has 27 of these centers in France, 22

of which are located around the Paris area. One of the most important of these areas is the Cité Scientifique Paris Sud, where the company has 700,000 square meters of high-tech buildings. This area, situated between the new towns of Saint-Quentin-en-Yvelines and Evry, is home to

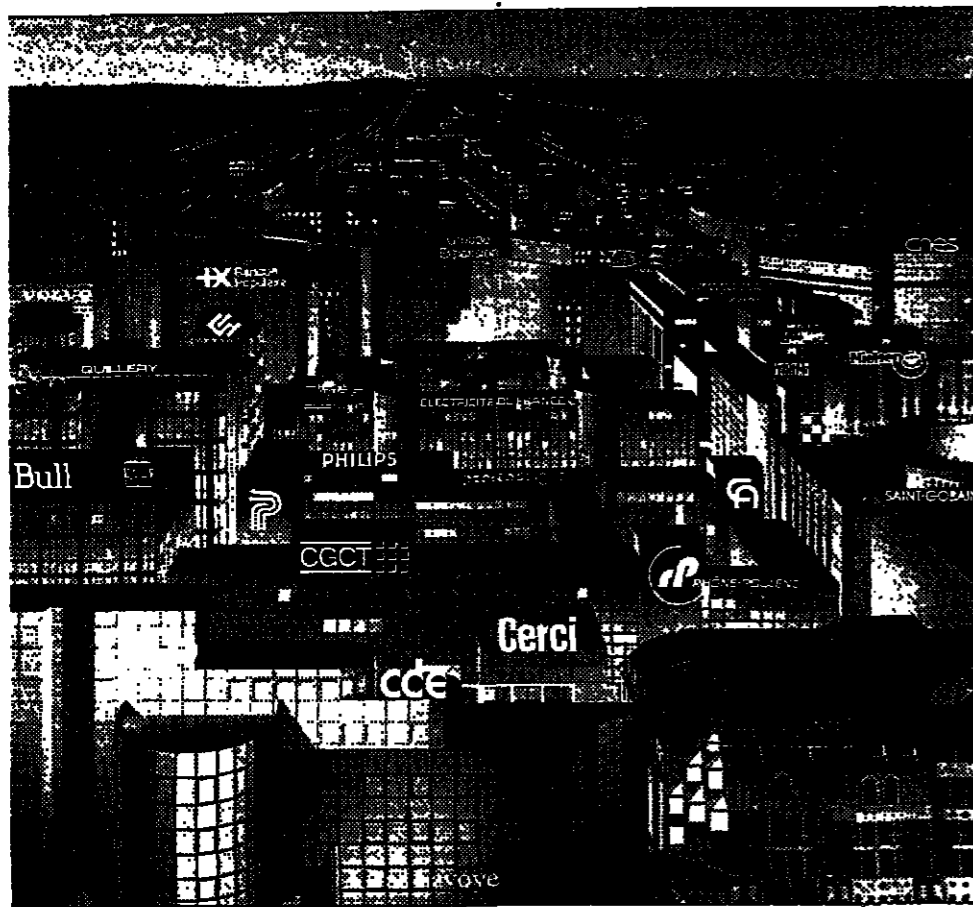
8,000 high-tech enterprises, including Thomson, Marz, IBM, the CGE, and Alcatel.

Besides Saint-Quentin-en-Yvelines to the west, which has attracted the headquarters of the French construction giant, Bouygues, and Electronique Serge Dassault, the four other new towns of Evry, Mame-la-Vallée, Melun-Sénart and Cergy-Pontoise, have also acted as attractive poles for companies wishing either to regroup or to pay rents which are sometimes as low as 500 francs per square meter. The extension of the RER and the construction of the "Francilienne," a highway network which will link all the new towns in the next few years, has given an addi-

Decartes, a future technological park, brings in 30,000 clients a year. The Ecole Supérieure des Ingénieurs en Electronique et Electrotechnique and the prestigious Ecole Nationale des Ponts et Chaussées, as well as Honda, Control Data, Danzas and IBM, have all set up operations in Mame.

Jean-Paul Bertheau, assistant general manager of Meunier Promotion, a subsidiary of the Banque Nationale de Paris, recalls: "In 1974 there were a few low-cost housing projects, a shopping center and a parking lot with 5,000 places and not one empty office building." Since that time Meunier has built 100,000 square meters of office

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Paris is attractive — but it doesn't always fit the needs of companies wishing to regroup or expand.

tional boost to the activity of the expanding new towns.

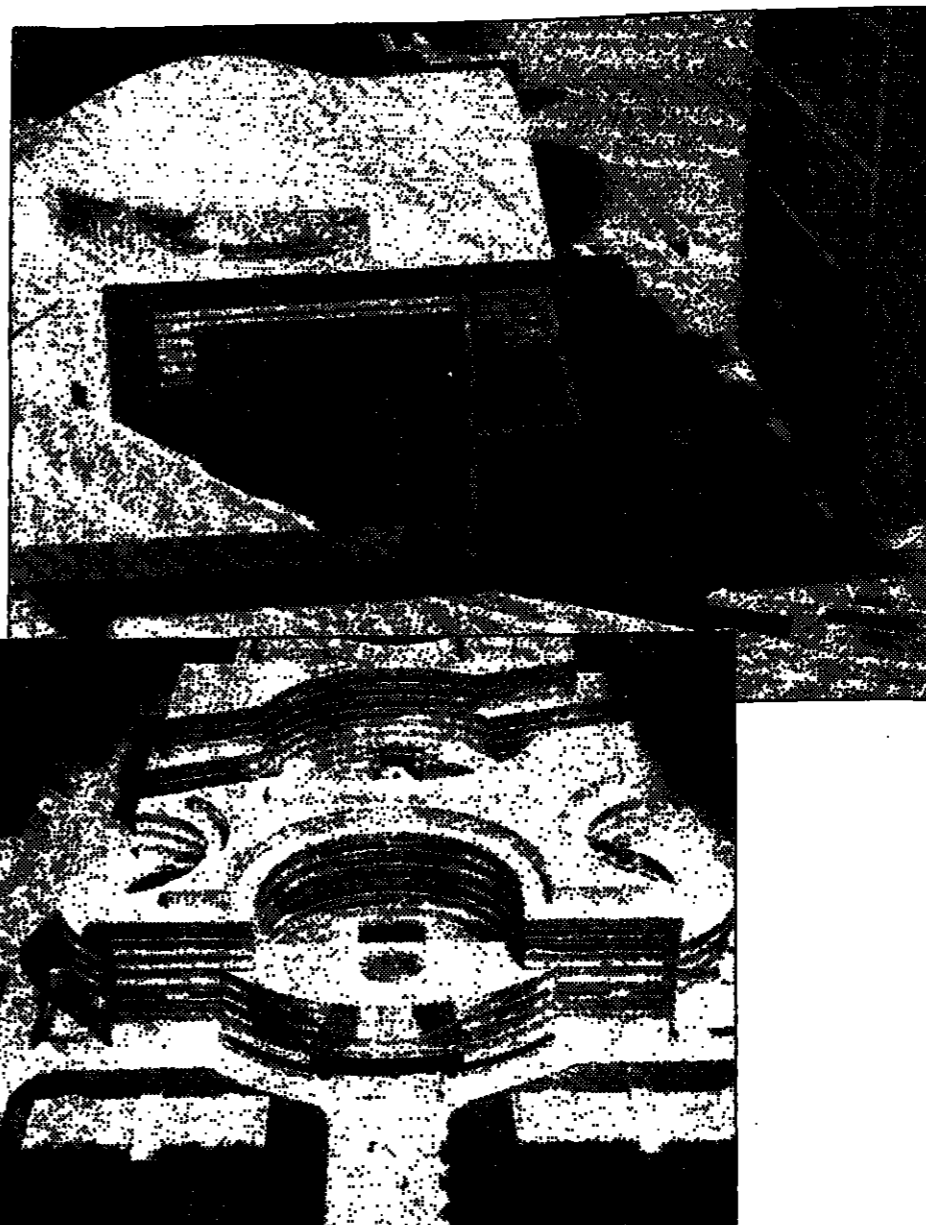
Once companies have made the move out of Paris, they often start to expand in earnest. In Evry, where high-tech companies such as Hewlett Packard and Digital have located, 60 percent of the new jobs created last year were in resident companies compared with 70 percent created by new companies in 1985.

Mame-la-Vallée, at only 12 kilometers from Paris, is the closest of all the new towns to the city center. An area of rich farmland some 15 years ago, this rapidly developing area, composed of 15,000 hectares of land spread over 26 communes, has attracted companies such as Bull, whose Training Center at the Cité

buildings with 300,000 square meters being planned.

Mame's real claim to fame is Eurodisneyland, "a fantastic calling card," according to Jean-Marie Boyer of EPAMARNE, the public body in charge of developing Mame-la-Vallée. "The arrival of the RER would have been inconceivable before Disney decided to set up there. And it has brought a lot of private companies out here. The choice of Mame-la-Vallée by Eurodisneyland has really given a notoriety and a certain status to this new town."

Financing The French have long held a love affair with real estate. However, as direct ownership in residential property has declined over the past decade, legislation was introduced to



create SCPI's (Sociétés civiles de placement immobilier). These companies are set up by banks who wish to offer their clients the opportunity of owning shares in real estate mutual funds for a minimal investment. This formula has proved so successful that, according to a study by Auguste Thouard, investment in SCPI's has grown from 8.5 percent in 1980 to 14 percent in 1986.

The SCPI's (Sociétés immobilières pour le commerce et l'industrie) are financial companies engaged in the long-term financing of commercial or industrial buildings, either through direct

rental or leasing. SICOMI's provide leasing facilities with a purchase option for the tenant at the end of the contract. In addition, the SICOMI can acquire property for its own account as a permanent investment. In exchange for tax exoneration, the Sicomi has to distribute at least 85 percent of its annual profit to its shareholders. Interball, a SICOMI created by the Crédit Commercial de France, a Swiss group composed of Winterthur, Intershop Holding, Union de Banques Suisses and a German group, says that the average shareholder is a "family man interested in making a 7 per-

Paris Intramuros

THERE is more to Paris than the "Golden Triangle," an area that extends from Trocadéro to the Porte Maillot and Opéra. The Paris city government has carried out extensive efforts to redevelop the east of Paris — a traditional area for small shopkeepers and crafts-

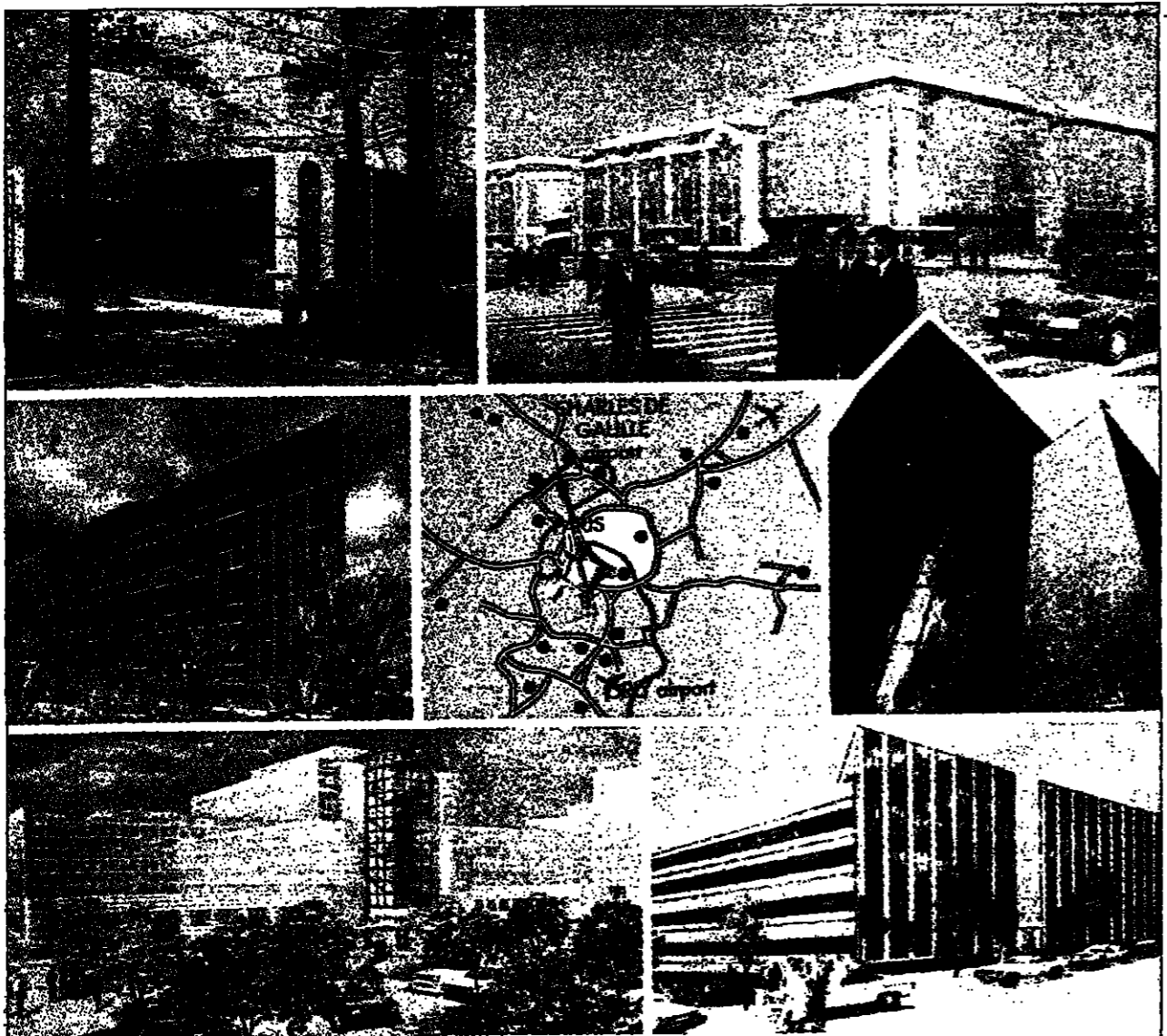
men which, unlike the west of Paris, has virtually no company headquarters. As a part of the extensive development plan of the area, 300,000 square meters (360,000 square yards) of new offices will be built, excluding the new Ministry of Finance. The American Center, whose traditional

home has been on the Boulevard Raspail since 1931, is currently negotiating with the city for a location within the new Bercy development. "It is true," says Henry Pillsbury of the American Center, "that the Montparnasse of the '80s has now shifted to the area behind the Bastille."

Although Montparnasse may no longer be the hub of artistic talent that it once was, the 37-story Tour Montparnasse built in the '70s has transformed it into an active office area. The next major development in Montparnasse — probably one of the last in the center of Paris (not counting the 4.5 hectares of land at Dupleix to be sold by the Defense Ministry) — will be a 1.3 billion franc project by the French company GFF. They plan to build a 3-hectare park and office complex over the new station for the TGV Atlantique (train grande vitesse), which will link Paris to Bordeaux in three hours. The complex — the Nord-Pont with 43,000 square meters of

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What is the I

These days, the... man is... Thanks to a handful of... "smart" or "intelligent" buildings in the United States... Europe, the... of how to either make a... each engine building... figure" or to conceive a... building from scratch is... much in the minds of develop... as real estate profess... in France.

The Spread



FRENCH businessmen... Jean-Jacques... works at the U.S. company Black & Decker in the suburb of Dardilly and is... regular" on the Paris-Lyon TGV line — sometimes even... along the train in the morn... ing to return to Lyon the same... evening. Patrick Giffay, busi... ness manager for Monsanto... Agricultural Company in Isle... d'Heub, a new town outside... of Lyon, travels to Paris two... days a week. The French national... rail company estimates that... approximately 9,000 people... like Land and Giffay... cross France every day. Going... to Paris from Lyon — equiva... lent to going from Los Ange... les to San Francisco — is, for... most French businessmen, ... just double biz. However Packard in Greno... ble says that some of its em... ployees make so many trips —... an average of 90 return trips in... the week — to Paris that the... company has set up an in-... house travel agency. While the overwhelming... majority of headquarters of... multinationals remain in Par... is, more and more firms have... set up branches in the provin... ces. Says Jean-Claire Mirel, ... director of SOPREC, a real... estate subsidiary of the Caisse... des Depots, which owns... 578,000 square meters of of... fices all over France: "Over... the past decade improved air... line and train service as well... as telecommunications have... created a market in the provin... ces which is both spontaneous... and voluntary. Many compa... nies, particularly foreign ones... ask to go to the provinces." According to the magazine... "Emploies et Regions," the... office market in the provin... ces has increased 60 percent over... the past two years, from... 103,400 square meters of new... square meters last year. Twelve cities — Lyons, Lille,... Nantes, Grenoble, Rennes,... Rouen, Toulouse, Bordeaux,... Nancy, Strasbourg, Nice and... Marseille — account for 70... percent of the commercial... property activity.

مكتبة النور

# What Is the IQ of your Building?

THESE days, the question is less factious than it sounds. Thanks to a handful of truly "smarter" or "intelligent" buildings in the United States, Japan and Europe, the question of how to either make an already existing building "intelligent" or to conceive such a building from scratch is very much in the minds of developers and real estate professionals in France.

Just recently the French construction giant Bouygues and IBM announced the creation of a common subsidiary whose specialty will be the research and delivery of turnkey smart buildings. Called IB2 Technologies, the group's target is an estimated 6 to 7 percent of the 70 million square meters of offices potentially interested in the concept of a smart building.

Close on the heels of IBM and Bouygues, rival groups Bull and Spie Batignolles also

announced they would cooperate on technological innovations in offices, particularly pre-cabling systems. Bull cabling systems will install all the computer equipment in Spie's new headquarters at Cergy-Pontoise.

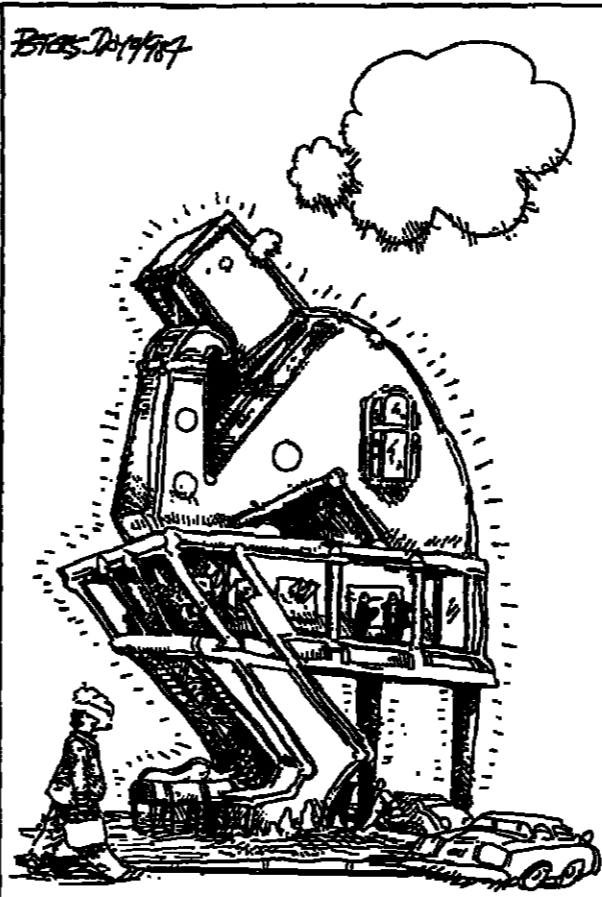
The definition of a smart building varies slightly from country to country. Generally speaking, though, a smart building is one with state-of-the-art office automation, ventilation and security systems. The antithesis of the generation of anonymous skyscrapers, a smart building is a low-rise with plenty of natural light, greenery and possibility for the personnel to meet each other around the various patios and atriums designed as crossways. Generally, the architecture and design of a smart building makes a powerful statement about the company's image.

Says Claude Barbier, general manager of Jones, Lang,

Wootton: "In France there are buildings which are 'intelligent' to varying degrees. Companies such as Bouygues, for example, have created their own buildings with the most sophisticated office automation but for the moment no developer in France has created a smart building for different users."

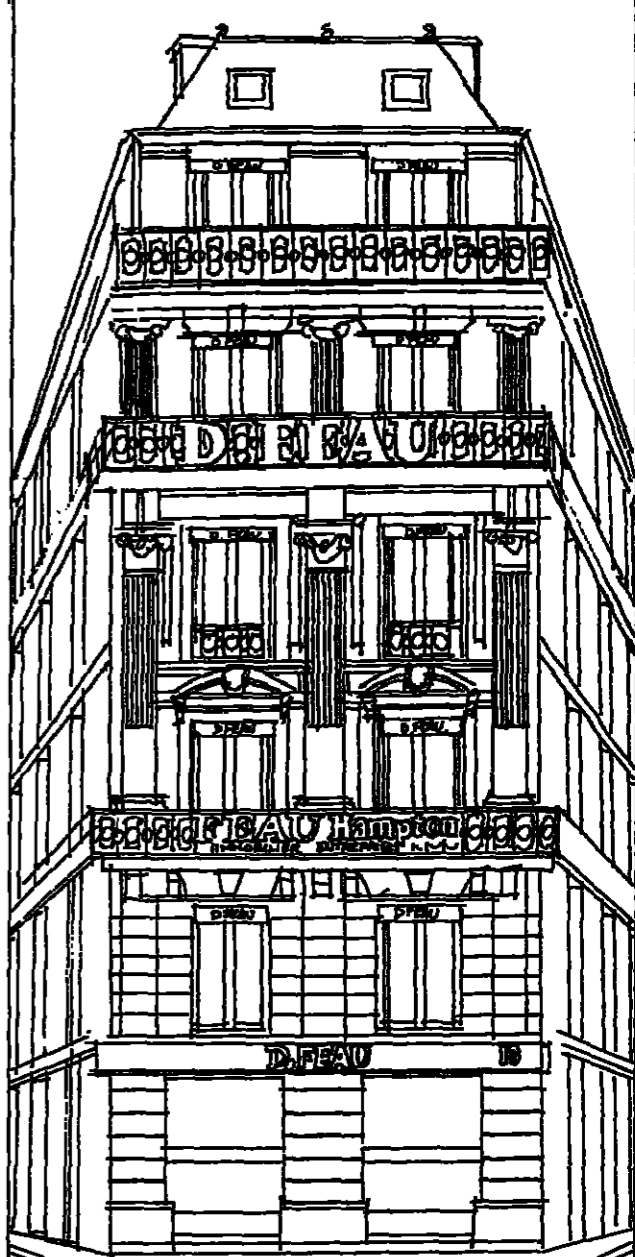
Recent buildings, however, are tending to be as smart as they can. Auguste-Thouard is currently commercializing the Parc du Bois Briard, 24,000 square meters of offices in the new town of Evry which differ radically from traditional office buildings. Presented as a "shell and core," this high-tech building offers numerous combinations of ventilation and a variety of possibilities for cabling. The ceilings, which are almost 4 meters high, will allow users to vary floor level depending on individual needs.

For British developer Keith King and the KLN architect-



tural firm which has designed the buildings, technological innovation is the key to the future. Architect Gérard Leroy of KLN says that many buildings are now becoming totally obsolete for high-tech purposes. "Some buildings," he says, "are not being rented because they are just not up to standard." In the future, he says, "users will be asking for buildings which are flexible and adaptable. The ones which are impossible to equip for cabling run the risk of remaining unrented."

In spite of efforts to go even further to meet the technological age, France does not yet have a host of smart buildings. Instead, says Claude Barbier of Jones Lang, "it has smart buildings with different IQ's." The next challenge for developers will be to make existing buildings smarter and come up with a whole generation of intelligent buildings adapted to the needs of high technology.



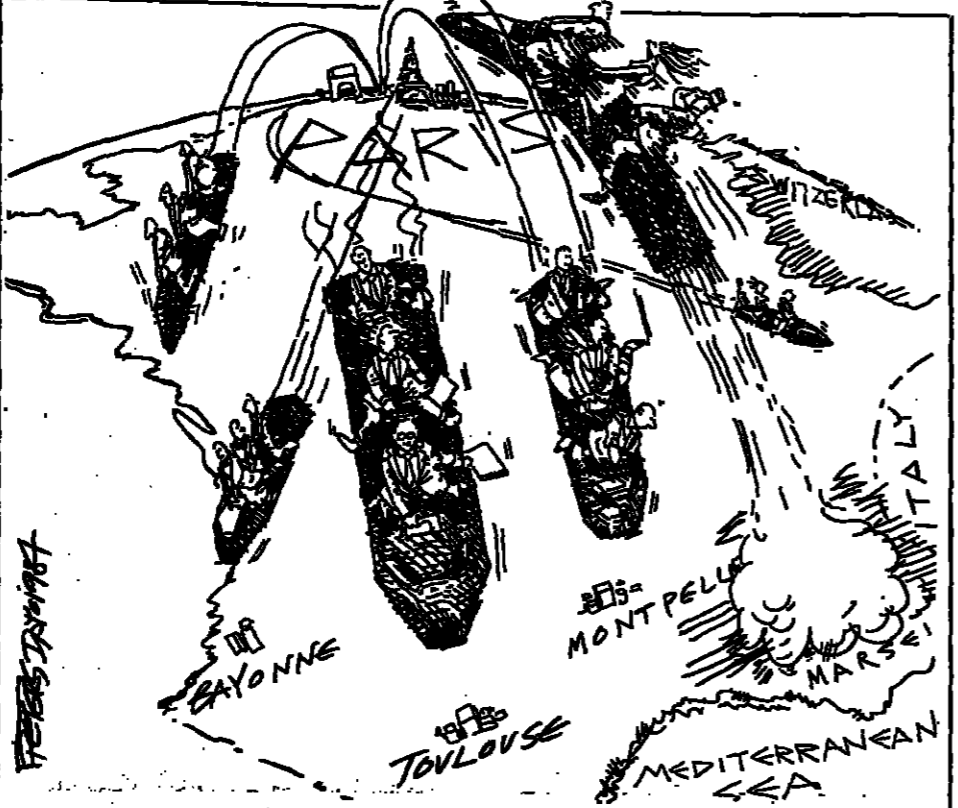
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# The Spread of Shuttle Biz



FRENCH businessman Jean-Jacques Liard works at the U.S. company Black and Decker in the Lyon suburb of Dardilly and is a "regular" on the Paris-Lyon TGV run — sometimes even taking the train in the morning to return to Lyon the same evening. Patrick Geffray, business manager for Monsanto Agriculture Company in Isle d'Abeau, a new town outside of Lyon, travels to Paris two days a week.

The French national railroad company estimates that approximately 9,000 people like Liard and Geffray criss-cross France every day. Going to Paris from Lyon — equivalent to going from Los Angeles to San Francisco — is, for most French businessmen, just shuttle biz.

Hewlett Packard in Grenoble says that some of its employees make so many trips — an average of 50 return trips in the week — to Paris that the company has set up an in-house travel agency. While the overwhelming majority of headquarters of multinationals remain in Paris, more and more firms have set up branches in the provinces. Says Jean-Clair Maurel, director of SOPREC, a real estate subsidiary of the Caisse des Depots, which owns 578,000 square meters of offices all over France: "Over the past decade improved airline and train service as well as telecommunications have created a market in the provinces which is both spontaneous and voluntary. Many companies, particularly foreign ones, ask to go to the provinces."

According to the magazine "Entreprises et Regions," the office market in the provinces has increased 60 percent over the past two years, from 153,400 square meters of new offices in 1984 to 246,000 square meters last year. Twelve cities — Lyons, Lille, Nantes, Grenoble, Rennes, Rouen, Toulouse, Bordeaux, Nancy, Strasbourg, Nice and Marseille — account for 70 percent of the commercial property activity.

From Lille in the north to Toulouse and Montpellier in the south, the provinces are moving. "Technopoles" or scientific business parks are sprouting up on the periphery of many provincial cities.

In Bordeaux, the commercial property market didn't really get off the ground until 1981 when the Banque Privée de Gestion Financière built a Parc Club near Merignac Airport. Since then the regional headquarters of 80 companies, including Agfa-Gevaert, Alcatel, Bouygues and Sodebo, have located there. Other operations such as Bordeaux Lac have attracted companies like

IBM and Miele, a 1,600-person conference center and a hotel capacity of 1,000 rooms.

In Lyon, second only to Paris for its scientific and research industries, municipal authorities have pushed for a scientific center around Gerland, a former slaughterhouse district only 10 minutes from the heart of the city. With Ecole Normale Supérieure de Lyons as its hub, Gerland comprises a plethora of biotech or pharmaceutical companies. Another "technopole" in Lyons Ouest includes four "grandes écoles," and computer, electronic and biotech firms such as Black and Deck-

er, Bull, Hewlett Packard, IBM and Merieux. According to Patrick Verdier of Auguste-Thouard in Lyons, the market progressed regularly in 1986 with a demand primarily for smaller offices (around 230 meters).

Further south, Toulouse and Montpellier have a foothold on the future. Montpellier, the first city in the world to be equipped on an industrial scale with a fiber optics cable network, has created Montpellier Technopole, which has four main centers of interest: agromony; new communications; health; and electronics and information processing. Launched by IBM, which settled in Montpellier in 1965, the computer industry and high-tech sectors now account for one third of the city's activities. Says Christian Felix, director of the SOPREC at Montpellier, which has commercialized the Agropolis scientific park for companies in the agricultural processing sector: "There has been such an acceleration of demand in Montpellier that for the past three years the rate of occupancy of new buildings has been 30,000 square meters a year, half for public building, half for private."

Currently there are 100,000 square meters of offices available for rent or sale in the southwestern metropolis of Toulouse, where the main areas for offices are near the airport of Blagnac, Labège in the southeast and "Compans-Caffarelli" in the center of town. Small wonder: the me-

ropolis of over half a million people is the home of the European aeronautics industry with Aerospatiale and the Centre National des Etudes Spatiales as well as foreign firms such as Motorola, ITT, Cannon Electric and Bendix. According to Guy Schlegel of the Chamber of Commerce of Toulouse: "The strong acceleration of new programs corresponds to a very strong demand. From 35,000 to 40,000 square meters of offices are being rented or sold every year."

Southern cities tout the good life and the exceptional climate but Lille, with a population of 1.1 million, will have the TGV Nord linking it to Brussels in only 35 minutes, and Amsterdam in two and a half hours. While the Chamber of Commerce says office space in Lille now runs

around 28,000 square meters marketed a year, Auguste-Thouard puts the figure for the Lille area at 40,000 square meters. In any event, real estate professionals hope that the coming of the TGV will bring in new companies. "The TGV is going to redistribute the map toward the North," says Philippe Liefroy of Faniel Industries Nord. "It should stimulate the market in the city center and modify the commercial real estate market here."

"The market in the provinces is going well," says Jean-Pierre Portefait of Entreprises et Regions. But, he adds, smaller towns such as Angoulême or Angers suffer from low offer and could use "a few brave souls" to launch office buildings. "When the offer disappears the demand doesn't make itself known," he says.

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cial districts of Val Maubuée, or the Enterprise Zone at St-Tribaults-des-Vignes, every opportunity is available for setting up and expanding business. And a young and highly-qualified local population makes it easy to find excellent personnel. Marne-la-Vallée is already the choice of companies like DANZAS, CONTROL DATA, BULL, SANDA, CGE or TRT TI — not least because of the care and attention given to the surrounding landscape and pleasant working environment.

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SCIENCE

Satellites, Weapons In Battle of Deception

By William J. Broad

BATTERY of new technologies, some mature, others on the drawing board, will help the United States overcome Soviet efforts to deceive Western spy satellites, according to former government officials, space experts and private scientists.

For years, largely without public knowledge, the two superpowers have vied to fool each other's surveillance satellites and the military analysts who interpret top-secret photographs made from space.

Weapons in the war include camouflage, concealment, decoys and misleading deployments of real weapons. Both sides use ground-based radar and computers to track hostile satellites and to predict when they will pass overhead, allowing military units on the ground to hide or disguise sensitive operations.

False deployments of tanks, planes, missiles, command posts and other military installations are seen as important for creating a psychological edge in peacetime and for drawing away enemy fire from real targets during war.

Nuclear arms are supposed to be exempt from such games. The United States and the Soviet Union have agreed in treaties to refrain from interfering with satellite reconnaissance to monitor compliance with nuclear arms agreements. But critics say neither side has completely lived up to the pledge.

The West has long been at a disadvantage in the war of deception because it is difficult to keep fake operations and false deployments secret in an open society. But it has recently made several advances in ways to see through Soviet deception. By the 1990s, military experts say, Western spy satellites will be nearly impossible to track and will be able to see through clouds and outwit enemy camouflage and decoys.

Dino A. Brugioni, a senior reconnaissance official at the Central Intelligence Agency for 34 years before his retirement in 1982, said: "There's no doubt that the West has the advantage" in perfecting the new technologies, which rely heavily on advanced materials, electronics, computers and optics.

The KH-11 spy satellite launched last week by the United States boasts technologies that mark a first step in that direction.

The KH-11 has powerful, lightweight engines that allow controllers on the ground to maneuver it in orbit. Future spy satellites will be capable of being refueled, dramati-

cally extending their range and lifespan.

A second future technique is to build spy satellites out of materials, like those in the "stealth" aircraft, that absorb or disguise radar waves, making them invisible to enemy equipment.

Yet another technique would be to create sensors that can record more than the waves of visible light, enabling them to expand from simple black and white images to simultaneous measurements of hundreds of distinct parts of the electromagnetic spectrum.

Such sensors could see through camouflage and gather subtle clues about whether "weapons" are made of metal or plastic, whether they are real or fake.

In the Soviet Union, such concealment and deception is called *maskirovka*. The name is applied to any measure that aims at disguising the real picture and showing a false one to an enemy.

Viktor Suvorov, a former Soviet intelligence officer who defected to the West in 1978, says the Soviet military collects data on hostile spy satellites, predicts their orbits and tries to dodge or deceive them.

"No trials of tanks, aircraft, radio sets, radars, or submarines were to be undertaken if, at a particular moment, a hostile satellite was overhead," Mr. Suvorov wrote in his book "Inside the Soviet Army." He said the increasing accuracy of American missiles prompted the production of false targets.

ACCIDENTS of nature have occasionally helped reveal Soviet deception. In his book on the Soviet military, "The Threat," Andrew Cockburn tells how American photo interpreters in the early 1970s discovered that a new ballistic missile submarine had joined the Soviet northern fleet at Polyarny on the Barents Sea. But after a storm swept the area the new "submarine" was bent in half.

Mr. Brugioni said such incidents suggest ways for the West to see through some Soviet deception, even without new technologies.

"The photo interpreter has all kinds of tricks," he said. "If the Soviets put up dummy aircraft, you never see them being serviced. If they put up rubber dummies and decoys, you see them smashed as the weather and seasons change."

Although the Soviet military is considered a master in the art of satellite deception, the American military has learned a few tricks over the years.

The most common practice is to stay out of view of Soviet satellites. For instance, during the unsuccess-

ful attempt in 1980 to rescue American hostages in Iran, about 400 soldiers and airmen involved in the effort were stationed in Egypt, along with their weapons and aircraft. All their activities were carefully timed. Whenever a Soviet reconnaissance satellite was to pass overhead, the soldiers took cover in an aircraft hangar.

The Navy has used such methods to hide ships at sea, timing their speed of transit to avoid passing satellites. In 1985, for example, an American naval force evaded Soviet detection during its passage across the Atlantic. Its commander, Vice Admiral Henry Mustin, later boasted: "We disappeared from the face of the earth as far as the Soviets were concerned."

Paul B. Stares, a space expert at the Brookings Institution in Washington, said the Navy not only knew how to avoid Soviet satellites but practiced having its ships temporarily sail on false courses in order to trick them.

The American military is increasingly looking to advanced technologies as a way to outwit the Soviets, experts say. The KH-11s, for instance, allow it to move around in orbit and to show up in unexpected places, thwarting attempts to conceal or mislead.

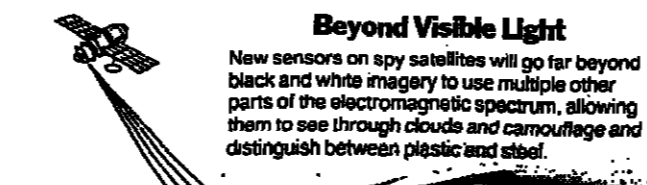
"Every time we have a satellite in a position where it's not supposed to be, or launch a new satellite, we see things we've never seen before and don't see again after they catch on" by tracking and predicting the satellite's orbit, said Angelo M. Codella, a senior research fellow at the Hoover Institution in California and a former staff member of the Senate Intelligence Committee.

The next generation of American spy satellites, the KH-12, will have its engines refueled by military astronauts working from the space shuttles or the proposed space station.

"Access to filling pumps will allow almost constant maneuvering," said William E. Burrows in his recent book, "Deep Black: Space Espionage and National Security." Such movement, he added, "will make concealment and subterfuge — *maskirovka* — all the more difficult."

The ultimate way to foster unpredictability is to be invisible — a top-secret endeavor being hotly pursued by designers of military satellites.

Stealth techniques are widely used in military fighters, bombers and cruise missiles to reduce their visibility to enemy radar. Two main methods involve replacing metals with lightweight composite materials that absorb radar signals, and smoothing body parts so they de-



New sensors on spy satellites will go far beyond black and white imagery to use multiple other parts of the electromagnetic spectrum, allowing them to see through clouds and camouflage and distinguish between plastic and steel.



All materials have characteristic "signature" signals, many of them outside the visible spectrum. Analysis of infrared light, for example, can reveal smoke plumes of ships traveling beneath cloud cover.

fect radar signals rather than reflect them.

Congressional experts on weapons say the Pentagon is applying stealth techniques to satellites, an assertion the Defense Department declined to discuss. It is known, however, that in April 1984 the space agency launched a four-ton cylinder (3.5-metric tons) carrying experiments to develop new space-age materials including secret ones for making stealth satellites.

Perhaps the most exotic and powerful technique under development is the effort toward satellite sensors that can simultaneously monitor hundreds of distinct parts of the electromagnetic spectrum, a technique scientists call "multispectral" analysis. The goal is to gather subtle clues about the actual physical makeup of observed objects and to penetrate natural barriers and camouflage.

Paul D. Zimmerman, a physicist and senior associate at the Carnegie Endowment in Washington, said the process was similar to performing "a rough chemical analysis" of earthly objects from spy satellites several hundred miles away. "Anything that's camouflaged or decoyed will be seen to be that way," he said. "You'll be able to see it's physically and chemically different from the thing it's pretending to be."

Multiple techniques were pioneered not by the military but by civilians, in particular the National Aeronautics and Space Administration. In the 1970s NASA created two pioneering satellites, Seasat and Landsat, the former working in the radio-frequency range of the electromagnetic spec-

trum and the latter the visible area of the spectrum.

The current generation of Landsat satellites have sensors that simultaneously monitor seven different parts of the spectrum. Civilian scientists have discovered that bands can reveal subtle clues about objects under observation on Earth.

The military's aim is to vastly expand the number of channels being monitored from space in order to increase the power and sophistication of remote chemical analysis. Decoys made of wood or plastic could thus no longer masquerade as metal. Camouflage would be foiled as canvases rather than foliage.

Penetrating clouds and other barriers is possible when space sensors focus on revealing signals. One day, for example, James A. Coakley Jr., a senior scientist at the National Center for Atmospheric Research in Boulder, Colorado, was looking at a 3.7-micrometer space photo of the ocean, which is in the infrared region. Clouds were nearly invisible. But the picture was covered with myriad streaks, which he quickly realized were caused by gases from smokestacks of passing ships. "What's really amazing is that you see no signals from the smokestacks in the visible," he said.

"The future is very interesting," said Brian Govan, a Defense Intelligence Agency analyst, noting that multispectral sensors were under development that could simultaneously monitor 224 parts of the electromagnetic spectrum.

"The skies may be crowded in the future" with new kinds of satellites, he said.

The Smallpox Quandary

By Harold M. Schmeck Jr.

TEN years after smallpox ceased to exist as a human disease, virus experts and public health officials are in a strange quandary: what to do with the last surviving smallpox viruses.

These viruses exist today in only two places, high security laboratories in Moscow and at the U.S. Centers for Disease Control in Atlanta.

Now, on the 10th anniversary of the eradication of smallpox, the experts are questioning whether or not those last stocks of variola virus — the cause of smallpox — should finally be destroyed.

"No scientist is working with viable variola virus or is likely to be allowed to do so," said Dr. Keith Dumbell of the University of Cape Town in South Africa, writing in *The Lancet*, a medical journal.

"To the best of our knowledge," he added, "destruction of all remaining laboratory stocks of variola virus would seal the final seal on the attempt to rid the world of this infectious scourge."

But some specialists have argued that the virus should not be eradicated from the world, partly because unforeseen research uses might arise in the future and partly because once it was destroyed, it could never be raised from extinction.

The deliberate extinction of a species would be an unprecedented step. But this is a species that, over thousands of years, has killed many millions of people, often killing one in five of those infected and displacing many of the survivors.

Now the only surviving representatives of the virus are stored in vials kept in freezer lockers at minus 94 degrees Fahrenheit (minus 70 centigrade).

The high security laboratory in Moscow is now used mainly for diagnostic work on the AIDS virus, according to a doctor who visited there recently. The laboratory at the Centers for Disease Control is also used for other purposes.

The last naturally transmitted case of smallpox occurred in Mexico, Somalia, in late October 1977. It is from this case that the 10-year anniversary is dated.

In 1978 two cases occurred in England because the virus accidentally escaped from a research laboratory. There have been many rumors, but no actual cases of smallpox anywhere since then.

Until 1981, research was still done with the live smallpox virus, particularly for the purpose of comparing it with suspects brought in from rumored smallpox cases anywhere in the world. But that use of the laboratory stocks is no longer necessary because advances in molecular biology have provided a safe alternative.

Most of the genetic material from the virus is maintained in a collection of circular pieces of DNA called plasmids that can be grown in bacteria. Each plasmid holds a different small portion of the virus DNA.

Specialists say it would not be possible to grow a live virus from the combined material of the whole plasmid collection.

Dr. Dumbell questioned virologists throughout the world about the desirability of destroying the virus. Of the 61 scientists in 22

countries who responded, only five thought the virus stocks should be preserved indefinitely.

Those five offered two reasons: first, that the virus could be kept in storage with minimal risk and that this should be continued to preserve specimens of the species; and second, that the preservation of openly retained stocks was preferable to destroying them and leaving the possibility that some country was keeping secret stocks for possible use in biological warfare.

IN BRIEF

Panel Criticizes Rise in Caesareans

WASHINGTON (NYT) — About half of all women who gave birth by Caesarean section last year in the United States did so unnecessarily and perhaps dangerously, according to a report issued by a non-profit organization founded by Ralph Nader.

About 906,000 Caesarean deliveries were performed last year, about 24.1 percent of the total, according to data presented by the Public Citizen Research Group. The rate of Caesarean sections has quadrupled over the last 16 years, the report said. Dr. Sidney Wolfe, director of the group, said physicians generally agreed that only about 12 to 16 percent of mothers required the procedure.

The reasons for the excessive use of Caesarean sections, the report said, were the "outdated policy" of repeating the procedure for any mother who has already had one and overdiagnosis of abnormal labor and fetal distress. Dr. Wolfe also asserted that the procedure was widely used because Caesarean deliveries are more profitable and more convenient. If the increase in Caesarean deliveries is unchecked, the rate will increase to 40 percent of all births by the year 2,000, the group predicted.

Earth's Temperature on the Increase

WASHINGTON (AP) — The long-debated "greenhouse" warming of Earth could become noticeable in the next decade, according to James Hansen, director of the Goddard Institute for Space Studies. Scientists like him warn that Earth's atmosphere is being changed into a greenhouse-like environment, trapping more heat from the sun than can escape into space — a result of adding carbon dioxide and other gases to Earth's atmosphere, largely through burning fossil fuels and wood.

Added carbon dioxide in the atmosphere has raised the planet's average temperature about 0.6 degrees centigrade (one degree Fahrenheit) during the last century, but in the coming 100 years the rise could be 2 degrees to 5 degrees centigrade, Mr. Hansen added.

The change will result in more extreme days that can affect people, crops, energy use and other parts of society. The most likely results of a warming include increasing rain and snowfall in some areas, warming of the polar regions in winter and a cooling of the upper atmosphere.

Photos Spur Himalayan Yeti Debate

NEW YORK (NYT) — The Himalayan yeti debate has been revived by an English physicist who described a sighting and presented two sets of photographs as evidence during the annual meeting of the American Alpine Club. Anthony B. Woodbridge said he encountered what he believed was a yeti in the Himalayas last year.

His main evidence consists of two sets of photographs taken on March 6, 1986, on an 11,000-foot (3,350-meter) Himalayan trail near India's border with Tibet. One photo shows fresh tracks in snow made by enormous feet with widely splayed big toes. The other, taken from a distance of 450 feet through a wide-angle lens, shows a silhouette of a vaguely human figure. His photographs have prompted skeptical comment even from self-proclaimed yeti believers. Dr. Grover S. Krantz, an anthropologist at Washington State University said, "Those pictures are definitely not of a yeti." By his own account, Dr. Krantz said, Mr. Woodbridge never positively saw the thing move. Dr. Krantz said he was sorry to cast doubt. "I am absolutely convinced that the North American sasquatch exists," he said. Although the photograph is sharp and well exposed, the figure in question is so distant that an enlargement of the image reveals little detail.

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مكتبة النهر

THURSDAY, NOVEMBER 5, 1987

TOSHIBA TO POWER APPLIANCES

WALL STREET WATCH

What Markets Need Most Is International Cooperation

By LEONARD SILK

NEW YORK — The stock market has behaved in a worrisome manner this week, and analysts have rounded up the usual suspects. Some fear the dollar might plummet if the central banks are unwilling to support it; others that, in Washington, cutting the budget deficit has stalled; still others that the cuts might be too little to rally the markets or too much for the economy to sustain.

But what ails the market may be deeper: not just the crisis itself but the inability of nations to respond to it. Arnold Toynbee, the British historian and philosopher, maintained that it was wrong to see history as cause-and-effect. That effect follows cause is "inevitable, invariable and predictable," he said, but the initiative people take to their encounters is "not a cause; it is a challenge. And its consequence is not an effect; it is a response."

Unlike the effect of a cause, the response to a challenge is not predetermined

Thus, in Germany the Great Depression brought Adolf Hitler said Nazism to power; in the United States, it brought Franklin D. Roosevelt and the New Deal. The present turmoil may confront nations with a test comparable to that of the 1930s, and a successful response must achieve now what was not achieved then: a concerted effort of national policies that turns crisis into constructive change.

In the United States, this means a willingness to deal with the cause of the deep trade deficit and the weakness of the dollar. Though shrinking the budget deficit will not cure all problems, it is hard to see how confidence in America's ability to deal with problems can be restored without political leaders showing that they can work together. Though a genuine plan for restoring fiscal balance may not, in itself, solve the trade problem or restore the dollar, it would prove that the United States was on the way. And to insure that the first steps toward fiscal balance did not put more downward pressure on the economy, steady monetary growth is needed to sustain the economy and its financial institutions.

BUT EVEN MORE so than half a century ago, stable growth requires international cooperation, which was not the present last time. The most disturbing aspect of late was the apparent falling apart on basic economic policy of the United States and West Germany.

The need of the moment is not to come up with a marvelous economic formula that bridges U.S. and German differences, with Washington determined to stave off recession and Bonn determined to stave off inflation. The markets first need to see a demonstration of the political will to address the issues in a cooperative spirit, recognizing that not just each nation's interest but the interests of all nations are at stake.

So national leaders need to talk together to reconcile their differences and clarify their purposes and policies. During his visit to the United States this week, Karl Otto Pöhl, the president of the Bundesbank, sought to do so in talks with his counterpart, Alan Greenspan of the Federal Reserve Bank, and other leaders.

The points of sticking to the exchange rates agreed to by the Western trading partners at their February meeting in Paris has proved too costly for both the United States and West Germany. That need not mean breaking communications and cooperation. If the markets get the idea that all efforts to stabilize currencies had ended, the result would be dangerous, and possibly disastrous.



Marris says one thing he has learned in a long career as an economist is that it's easier to make money talking about the dollar than betting on it.

Portents of an Economic Doomsayer Stephen Marris Sees Little Chance of Avoiding Recession

By Clyde H. Farnsworth

WASHINGTON — Stephen Marris walks with shoulders slumped, head tilted forward, gray locks slightly disheveled, as if he were bearing the woes of the world. In a sense he is, as the Cassandra of Dupont Circle.

Mr. Marris, a British economist, earned the nickname after he wrote his first work for the Institute for International Economics, a research organization at 11 Dupont Circle near a cluster of other such groups. The book, published in 1985, was "Deficits and the Dollar: The World Economy at Risk."

In it he argued that the United States and the rest of the world were headed for an unpleasant recession. Like some other prophets of financial gloom, he foresaw that budget and trade deficits would depress the dollar and that to attract foreign capital the United States would have to raise interest rates.

In turn, he said, that would raise the cost of capital, cause declines in the stock market, curb consumer spending and slow the wheels of industry.

Cassandra, the daughter of Priam, king of Troy during the Trojan War, was cursed by Apollo: Her prophecies, although true, were fated never to be believed.

Although this year the dollar has fallen, interest rates have risen and stocks have collapsed, Mr. Marris says he is hoping that — unlike the classical Cassandra — his forecast of recession will be believed but fated never to come true.

If action is now taken to cut the budget deficit substantially, by say \$100 billion over the next two years, he contends, an economic slump can be avoided.

"We're in a race between the political process and the market process," he said. "If the political process doesn't work, I'm afraid markets will do it for us, and not very pleasantly either because markets tend to overshoot."

He was referring to further stock market falls, which could bring on a recession: Consumers would buy fewer Japanese cars or Korean television sets, cutting the trade deficit — but only at a high cost in lost jobs and income.

Even if the stock markets now settle down, Mr. Marris believes it would not take much to bring the country back to where it was three weeks ago.

"U.S. interest rates will have to rise, and Wall Street will have to fall, as far as we need to bring the administration and Congress to their senses to eliminate the budget deficit," he said.

Mr. Marris, a 57-year-old economist with a doctorate from Cambridge University, worked most of his career for the Paris-based Organization for Economic Cooperation and Development. He began with the OECD in 1956, and from 1975 until he left the organization in 1983 he was economic advisor to the secretary general.

Mr. Marris said he hoped to retire in the next couple of years and sail with his family in the Mediterranean.

He is so convinced that the dollar is headed lower that he keeps his savings in Deutsche marks. "They are parked in Frankfurt," he said, "ready to be converted into British pounds to buy a 34-foot cruising catamaran."

"I don't have much money," he said, "but one thing I have learned is that it's easier to make money talking about the dollar than betting on it."

U.K. Banks Cut Base Rate By Half a Point, to 9%

By Warren Getler

LONDON — The Bank of England sanctioned Wednesday a half-point cut in key British interest rates, to 9 percent, in an apparent effort to reverse a sharp drop in stock prices and to slow the swift rise of the pound against the dollar.

But analysts said that the move had already been discounted by financial markets. They said that additional rate cuts would be necessary to dispel concerns about a declining dollar and a global economic slowdown, which have weighed heavily on stock prices.

Officials at the Bank of England indicated that the rate cut was unilateral and not part of a round of rate-trimming, coordinated with the U.S. Federal Reserve and European central banks.

Shortly after 2 P.M., when a key stock exchange index had dropped 83.6 points to 1,570.3, the Bank of England said that it would lend funds to the money market at 9 percent, a drop of 0.375 percentage point.

Britain's major clearing banks, led by Barclays Bank PLC, then moved to trim their base lending rates, effective Thursday, to 9 percent from 9.5 percent, where base rates have stood since Oct. 23. Britain's base rate, analogous to the U.S. prime rate, provides the basis for all commercial loans.

The base-rate cut triggered a rally on the London Stock Exchange, but the FTSE index of 100 shares still closed down 45.8 points, at 1,608.1. Shares had begun the day sharply lower, touching a trough of 1,565.4 on the FTSE index, despite a bullish speech Tuesday on the British economy by the chancellor of the Exchequer, Nigel Lawson.

The FTSE index has shed 8 percent so far this week, from Monday's opening level of 1,749.

The pound, which in theory should shed some of its value against the dollar following a British rate cut, rose slightly to \$1.7465 in London, from \$1.7415 on Tuesday.

A strong pound threatens British exporters that are heavily dependent on sales to the United States and other dollar-based markets. The pound's appreciation against the dollar over the past week was a major factor in prompting the rate cuts Wednesday, officials indicated.

British bond prices, meanwhile, rose on the news of lower rates. As stock prices rebounded, British treasuries, known as gilts, gained about one-quarter point, lost it and then regained it, dealers said.

The signal to cut base rates was significant because Prime Minister Margaret Thatcher and Mr. Lawson had indicated recently that Britain would not unilaterally trim its rates. They had suggested that a rate cut

would need to be in tandem with parallel moves toward economic stimulus by the United States and West Germany.

"The distinct impression from Mrs. Thatcher and Mr. Lawson was that they were waiting for the Washington to deliver cuts in the U.S. budget deficit," said Peter Fellner, a senior economist with the brokerage firm of James Capel & Co. "That's why the timing of today's move came very much as a surprise."

"The trigger for the rate cut, therefore, must have been the collapse of the equity market," Mr. Fellner said. "Obviously if the equity market continues to plunge, this will put pressure on the chancellor and the Bank of England to sanction further base rate cuts." A strong pound would increase that pressure, he added.

Mr. Lawson has said he does not want a meeting of the so-called Group of Seven finance ministers until Washington produces an agreement on slashing its federal budget deficit.

The Group of Seven includes the United States, Britain, West Germany, Japan, Canada, France and Italy.

Many market analysts had expressed consternation that Mr. Lawson did not call for base rate cuts during a statement to Parliament on Tuesday. Following that speech, John Smith, the Labor Party's spokesman on Treasury affairs, sharply criticized Mr. Lawson for not cutting British rates, which he said are among the highest in the West.

The last British rate cut, less than two weeks ago, followed the release of better-than-expected trade figures for September. The trade figures put upward pressure on the pound, which gave the government some leeway to push down interest rates. Analysts had said at the time that the government was seeking to boost stock prices and stave off fears of a global recession.

Bundesbank Expected to Stand Firm on Rates

By Ferdinand Protzman  
International Herald Tribune  
FRANKFURT — West Germany's central bank, at the center of a growing storm over the country's rigid monetary policies, will almost certainly leave its benchmark discount rate unchanged at the regular Thursday meeting of its policy-setting council, analysts agreed Wednesday.

Despite growing international and domestic pressure for a rate cut to stimulate the German economy, these analysts say, the Bundesbank is likely to continue its present policy of fine-tuning rates through its manipulation of liquidity in the money markets.

A change in the discount rate, the rate from which all others are scaled upward, is one of the most dramatic weapons a central bank can use to influence a nation's economy.

The 17-member central bank council consists of the Bundesbank's directors and the heads of the 11 state central banks. A discussion of interest rates is on the agenda, with Finance Minister Gerhard Stoltenberg expected to present Bonn's position, according to banking sources.

But economists and market sources said that Chancellor Helmut Kohl's center-right coalition will almost certainly keep to its cautious monetary policy and ask to keep the discount rate at its current level of 3 percent.

The discount rate and the little-used Lombard rate were last lowered in January 1986, when they were cut by one-half a percentage point each, as part of a coordinated round of discount-rate reductions with the United States and Japan. The Lombard rate is currently at 5 percent.

The United States has been pressing West Germany to lower its discount rate for months, arguing that such action would raise domestic consumption and import levels, thus easing trade imbalances and sparking faster-paced economic growth throughout Europe.

Over the past two weeks, exchange-rate factors have added weight to those demands, as the dollar's fall against the Deutsche mark has increased tensions within the European Monetary System, analysts said.

Since the stock market panic on Oct. 19, the demands have taken on a harsher tone. The U.S. Treasury secretary, James A. Baker 3d, accused the Bundesbank of bringing about the crash through what he called its obsession with pursuing zero inflation.

Although the Bundesbank's president, Karl Otto Pöhl, has vigorously denied that charge, it is being echoed even within the nation's financial community, which normally supports Bonn.

Leading bankers such as Alfred Herrhausen, managing board co-chairman of Deutsche Bank AG, Germany's largest commercial bank, have called for a clearer downward trend in interest rates. One central bank council member, Wilhelm Nolling, has also called for lower rates.

"What Mr. Baker said about the Bundesbank causing upward pressure on global interest rates is absurd," said a senior official at a large Frankfurt bank. "But it was clearly a mistake when they pushed money-market interest rates higher shortly before the stock crash."

"They may be feeling less sure of themselves now," the official said, "and there are proponents of a rate cut on the council."

Philippines' Customs Chief Says No to Graft, Yes to Gifts

MANILA — The Philippines' new customs commissioner said Wednesday that while he frowned on the corruption rampant in his department, he had told his poverty-stricken officers that they could accept "tokens of appreciation" from satisfied importers.

"I am looking at this in a very practical way," retired army Lieutenant-General Salvador Mison said.

"I don't believe in reducing graft and corruption by catching people," he said. "I am in favor of making the system such that it will be hard for them to make money monkey business."

General Mison was appointed by President Corason C. Aquino as part of a government shake-up in September. In his first days in office he dismissed some customs officials, recalled a fleet of impounded BMW and Mercedes-Benz limousines that had been lent to senior government officials and speeded up customs clearance by reducing the number of signatures needed on import documents from 42 to six.

Since his arrival, he said, customs collections had gone up by about 3 million pesos (\$144,500) a day. Customs Bureau figures show that revenue at the three largest points of entry — Manila's port, international airport and container terminal — climbed by 55.8 percent to 1.7 billion pesos in September from 1.1 billion a year earlier.

Total customs revenue rose 44.5 percent to 18.6 billion pesos in the first nine months of the year, from 12.9 billion in the like 1986 period.

"You don't have to butcher them," General Mison said of importers. "You try to get the maximum amount due the government and then after that, if they give you anything as a token of appreciation, it's okay with me, provided it is given by these people without any ulterior motive."

General Mison said he had told customs officers that he knew their salaries were quite low, but that this should not be an excuse to extort money.

He added that he had only fired customs officials when irrefutable evidence of corruption had been presented against them.

"Let's say you are an importer," General Mison said. "You come in and I help you without any precondition. Instead of getting it — the consignment — in 10 days you get it in three days. You are very happy. So if you come to me and you say, 'Thank you very much, Mr. Mison, and as a sign of appreciation here is a reward' — this is part of our culture, Filipino culture."

Currency Rates

Table with columns for City, Currency, and Rate. Includes Amsterdam, Brussels, London, New York, Tokyo, Zurich, etc.

Chains in London, Tokyo and Zurich, flings in other centers. New York dollar rates. Commercial franc: 1 franc = 100 centimes. To buy one pound: 100 pence = 1 pound. To buy one dollar: 100 cents = 1 dollar. Units of 100: N.G.; not quoted; N.A.; not available.

Other Dollar Values

Table with columns for Currency, Par \$, and Rate. Includes Australian, Austrian, Belg. fl., Canadian, Danish, French franc, German mark, Hong Kong, Indian rupee, Italian lira, Japanese yen, Korean won, Mexican peso, New Zealand, Norwegian, Spanish peseta, Swedish krona, Swiss franc, Taiwan dollar, Thai baht, Turkish lira, U.S. dollar, West German mark, Yen.

New York rates unless marked "local rates."

Forward Rates

Table with columns for Currency, Forward, and Rate. Includes Canadian, French franc, German mark, Japanese yen, Swiss franc.

Sources: Inductive Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAI (other, plus stream); Customs (3 trade). Other data from Reuters and AP.

Interest Rates

Table with columns for Maturity, Rate, and Source. Includes 1-month, 3-month, 6-month, 1-year.

Sources: Morgan Guaranty (dollar); D.M. (DM); S.F. (Swiss franc); Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of \$1 million (minimum for each contract).

Key Money Rates

Table with columns for Instrument, Rate, and Source. Includes 1-month, 3-month, 6-month, 1-year.

Asian Dollar Deposits

Table with columns for Maturity, Rate, and Source. Includes 1-month, 3-month, 6-month, 1-year.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, and Yield. Includes Merrill Lynch Ready Assets, Telerate Interest Rate Index.

Gold

Table with columns for Location, Price, and Source. Includes Hong Kong, London, Paris, Zurich, New York.

Liverpool, Paris and London official gold prices; Hong Kong and Zurich unlisted and close prices; New York spot market close. All prices in U.S. \$ per ounce. Source: Reuters.

Ailing Dollar Creates Pressure for Interest Rate Rise

By Douglas Frantz  
Los Angeles Times Service

LOS ANGELES — The weakening of the U.S. dollar on foreign exchange markets has created more pressure on U.S. policy makers to defend the dollar by raising interest rates at the risk of triggering a domestic recession.

The dollar reached record lows against the Deutsche mark of 1.7050 and 136.03 Japanese yen on Tuesday before rebounding slightly in New York. On Wednesday, the dollar was again weak on European exchanges, but remained above the lows it had reached the day before. By the close of trading in London, the dollar had slipped to 1.7115 DM and 137.25 yen.

Currency traders said that the absence of a definitive statement by the U.S. government on cutting the federal deficit and the lack of a sense of where interest rates are headed contributed to the slide.

Economists viewed the continued instability of the dollar, which has declined dramatically since the stock market crash last month, as another sign of the evaporation of confidence in financial markets.

The trouble is that efforts by the Federal Reserve to restore confidence in the dollar by raising interest rates is precisely the opposite

signal required to rebuild optimism in the stock market.

"The domestic market is looking for the Fed to pump in liquidity by lowering interest rates," said Stephen Marris, who specializes in currency analysis at the Institute for International Economics, a research center in Washington.

"Foreign markets are looking for a signal that the Fed is prepared to let interest rates rise and defend the dollar."

The dollar's decline reflects the fact that foreign investors are no longer willing to finance the U.S. spending deficit, economists said. Higher interest rates would be required to keep foreign investors in the U.S. markets.

The dilemma confronting the Federal Reserve is that if interest rates are pushed too high, a 1930s-type depression could follow the recent stock market crash. On the other hand, allowing rates to go too low could fuel inflation and lead to renewed fears among investors.

A weak dollar helps narrow the trade deficit by giving U.S. firms a price advantage abroad, but it also increases domestic inflation by increasing the cost of imported goods and decreasing competition for domestic producers. Domestic prices then rise, said Dale W. Larson, a senior economist at Bank of America in San Francisco.

Brazil Debt Accord Is Seen

United Press International  
NEW YORK — Brazil and its creditor banks have agreed on a formula to solve problems caused by the country's unilateral moratorium on bank interest payments, leaving only interest rates to be resolved, bankers said Wednesday.

On Feb. 20, Brazil suspended payments on about \$70 billion of medium- and long-term debt owed to commercial banks. Interest due on that money through the end of the year is \$4.3 billion.

Short-term debt and official government loans comprise the rest of Brazil's approximately \$112 billion of foreign debt.

On the second deposit, the banks want Brazil to make up the difference between the Bank of International Settlements interest rate — "about 4 or 5 percent" — and market rates.

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NYSE Most Actives table with columns for Vol., High, Low, Last, Chg.

Market Sales table with columns for NYSE 4 p.m. volume, NYSE prev. close, etc.

NYSE Index table with columns for Composite, Industrials, Finance, etc.

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AMEX Diary table with columns for Class, Prev., Chg.

NASDAQ Index table with columns for Composite, Industrials, Finance, etc.

AMEX Most Actives table with columns for Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Class, Chg.

NYSE Diary table with columns for Class, Prev., Chg.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, %Diff.

Dow Jones Averages table with columns for Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns for Industrials, Finance, etc.

NASDAQ Diary table with columns for Class, Prev., Chg.

AMEX Stock Index table with columns for High, Low, Prev., Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

MARKETS: Dow Falls 18 Points, Off Lows

(Continued from Page 1) nothing happens by this weekend, the market could get extremely ugly. "People are very hopeful that they saw the worst" after last month's plunge in share prices, said William LeFevre, a market strategist for Advest Inc. "But at the least sign of decline, they sell. I don't blame them, it's human nature."

The New York Stock Exchange index dropped 1.00 point to 139.11. Standard & Poor's 500-stock index slipped 1.86 to 248.96. The average price of a share lost 23 cents. Earlier, prices had fallen sharply in Asia and Europe. The Tokyo Stock Exchange's key index, the 225-stock Nikkei average, tumbled 298.07 yen, or 1.3 percent, closing at 23,060.53 yen. The index had gained 29.69 on Monday. The exchange was closed Tuesday for a holiday. Stocks also fell in Hong Kong and Sydney, and the declines continued in European trading. In London, the Financial Times-Stock Exchange index of 100 leading shares dropped 45.8 points, or 2.7 percent, to 1,608.10. The market closed off its lows after the Bank of England pushed interest rates lower. Wednesday's market uncertainty resurrected the same fears that incited the world stock collapse last month, dealers said, and came after another skittish day in which the Dow average briefly was down more than 100 points. The Dow index finally finished at 1,963.53 on Tuesday, down 50.56 points for the day. The session ended a five-day partial rally that had bolstered the average by more than 220 points. "A lot of the drop is from overseas investors based on lack of confidence in Washington,"

said Philip C. Puccio, manager of institutional trading at the New York investment firm Dillon, Read & Co. "I think the market is extremely volatile and I for one won't be buying." Larry Wachtel, a market analyst with Prudential-Bache Inc., said the intense focus on the budget-cutting talks could lead to trouble later. "It's all so simplistic," Mr. Wachtel said, referring to what he called the "blinding flash" theory. In that misguided view, he said, "they cut the budget and everything will be all right." Mr. Wachtel said he is afraid that if the budget talks yield nothing more than the \$23 billion cut expected in the first year, investors will respond negatively. Analysts cited the weak dollar, and the likely decline in Japanese export earnings, as the major factor behind the Tokyo Stock Exchange's big losses. In Hong Kong, stock prices fell sharply in light trading. The Hong Kong Stock Exchange's key Hang Seng index slipped 103.63 points, or 4.7 percent, to close at 2,077.11. In Australia, the Sydney Stock Exchange recorded a major decline, with the All Ordinaries index plummeting 74.4 points, or 5.4 percent, to 1,290.4. The Australian market, which has lost 41 percent of its underlying value since Oct. 20, responded Wednesday to a weaker Australian dollar and the 50.56-point fall Tuesday on Wall Street. In Paris, the Bourse index fell 2.88 percent, while in Frankfurt, the Commerzbank index dropped 57.4 points, or 3.8 percent, to 1,427.90. (AP, UPI, Reuters)

Large table of stock prices with columns for High, Low, Stock, Div., Yld., PE, 52-Week High, 52-Week Low, Close, and Chg.

Large table of stock prices with columns for High, Low, Stock, Div., Yld., PE, 52-Week High, 52-Week Low, Close, and Chg.

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Table of stock prices with columns for High, Low, Stock, Div., Yld., PE, 52-Week High, 52-Week Low, Close, and Chg.

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Advertisement for AMETEK blood pressure monitors, featuring an illustration of a human torso and text: Blood pressure monitors... incorporate Ametek's silicon chip technology...

Table of stock prices with columns for High, Low, Stock, Div., Yld., PE, 52-Week High, 52-Week Low, Close, and Chg.

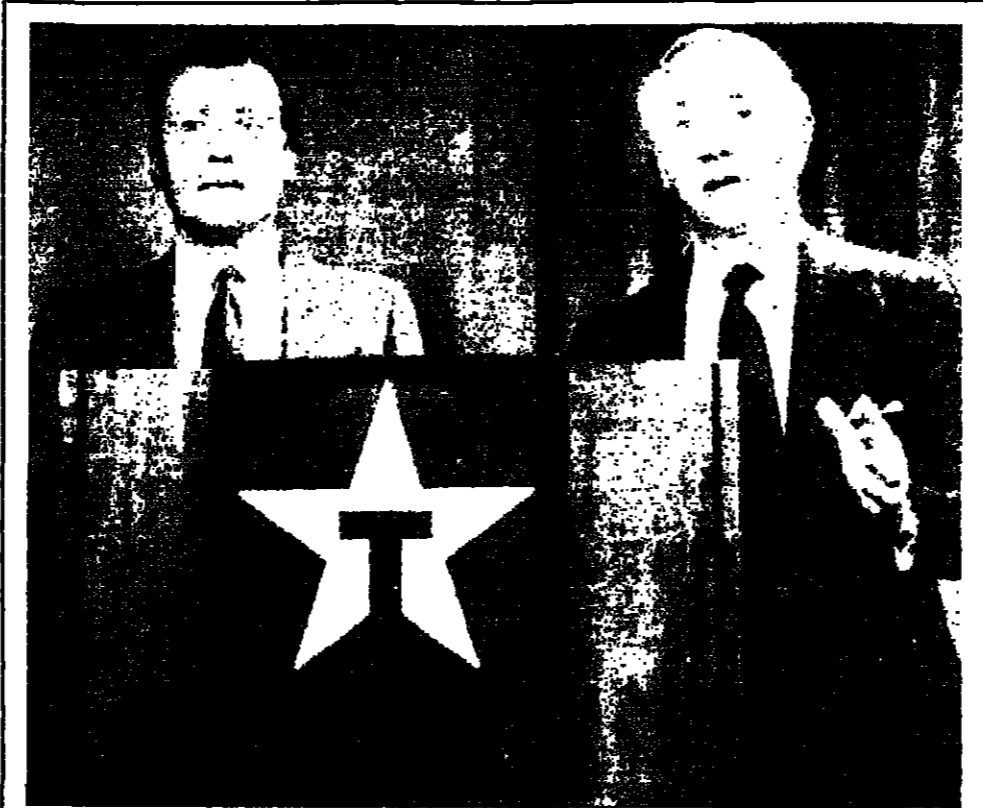
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Large vertical advertisement on the right edge of the page, partially cut off, with text: Bonn Says It... AMETEK... EC Will Examine French Write-Off of Renault Debt... No for...

BUSINESS ROUNDUP

Bonn Says It Will Sell Last VIAG Stake in '88

Compiled by Our Staff From Dispatches
BONN — The West German government said Wednesday that it will sell its remaining stake in VIAG AG in 1988.



Texaco Says the Fight Will Go On

Texaco Inc.'s chairman, Alfred DeCrane Jr., left, and president and chief executive officer, James W. Kinnear, announce that the beleaguered oil giant will ask the U.S. Supreme Court to overturn a \$10.3 billion judgment awarded to Pennzoil Co. On Monday, the Texas Supreme Court let stand the award, the largest ever against a company, and analysts say Texaco's last hope is to argue that Pennzoil violated U.S. securities laws when it sought to take over Getty Oil Co. in 1983.

U.S. Automakers Report Sales Rose 11.2%

The Associated Press
DETROIT — The top three U.S. automakers combined domestic car and light truck sales rose 11.2 percent in late October from a year earlier, indicating that last month's stock market shakeup may not yet have hurt the auto market, the companies reported Wednesday.

Company Results

Table with columns for various companies (British, Emerson Electric, Ogden, etc.) and rows for 3rd Quarter, 9 Months, and Year-to-Date performance metrics like Revenue, Net Inc., and Per Share.

EC Will Examine French Write-Off Of Renault Debt

BRUSSELS — The European Community's executive commission said Wednesday that it will examine the French government's plan to write off 12 billion francs (about \$2 billion) of Renault's debt to determine whether the move conforms with EC competition rules.

Market Collapse Spells Hard Times for Computer Makers

BOSTON — The New York stock market's sharp fall in the past few weeks points to hard times for the U.S. computer industry, which is just recovering from two and a half years of dismal orders.

IBM Presents New PC System

LAS VEGAS — Putting an end to months of speculation, International Business Machines Corp. has announced that it will begin shipping the next generation of its personal computer operating system in December, a few months ahead of schedule.



No foreign market can be tapped from afar. Let's start at the heart.

Without actually being on the scene, not even the astute observer of distant markets can always differentiate between cause and effect. In-depth insights into market dynamics evolve only from an active on-site presence.

DG BANK logo and name.

Wall Street: 500,000,000,000 Dollars lost in a day. Invest in gold now.

The extraordinary events of mid-October dramatically demonstrated just how vulnerable paper investments have become. This is why financial analysts advise shrewd investors to protect their hard-won gains (or what is left of them) by putting a good part of their assets into the solid security of gold.

Advertisement for Australian Nugget gold coins, featuring images of the coins and contact information for GoldCorp Australia.





Wednesday's NYSE Closing

Tables include the nationwide prices as to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low, Div. Yld. PE, 52 Wks High Low, Close, Chg. Ctr. Includes various stock listings and indices.

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U.K. Storm Will Cost Insurers £475 Million

LONDON — British insurance companies will pay more than £475 million (£825 million) in compensation for damage caused by last month's storms and floods, a spokesman for the Association of British Insurers said.

Floating-Rate Notes

Table listing floating-rate notes with columns: Issuer/Mat., Coupon Next, Bid, Asked.

NYSE High-Lows

Table listing NYSE High-Lows with columns: NEW HIGHS, NEW LOWS.

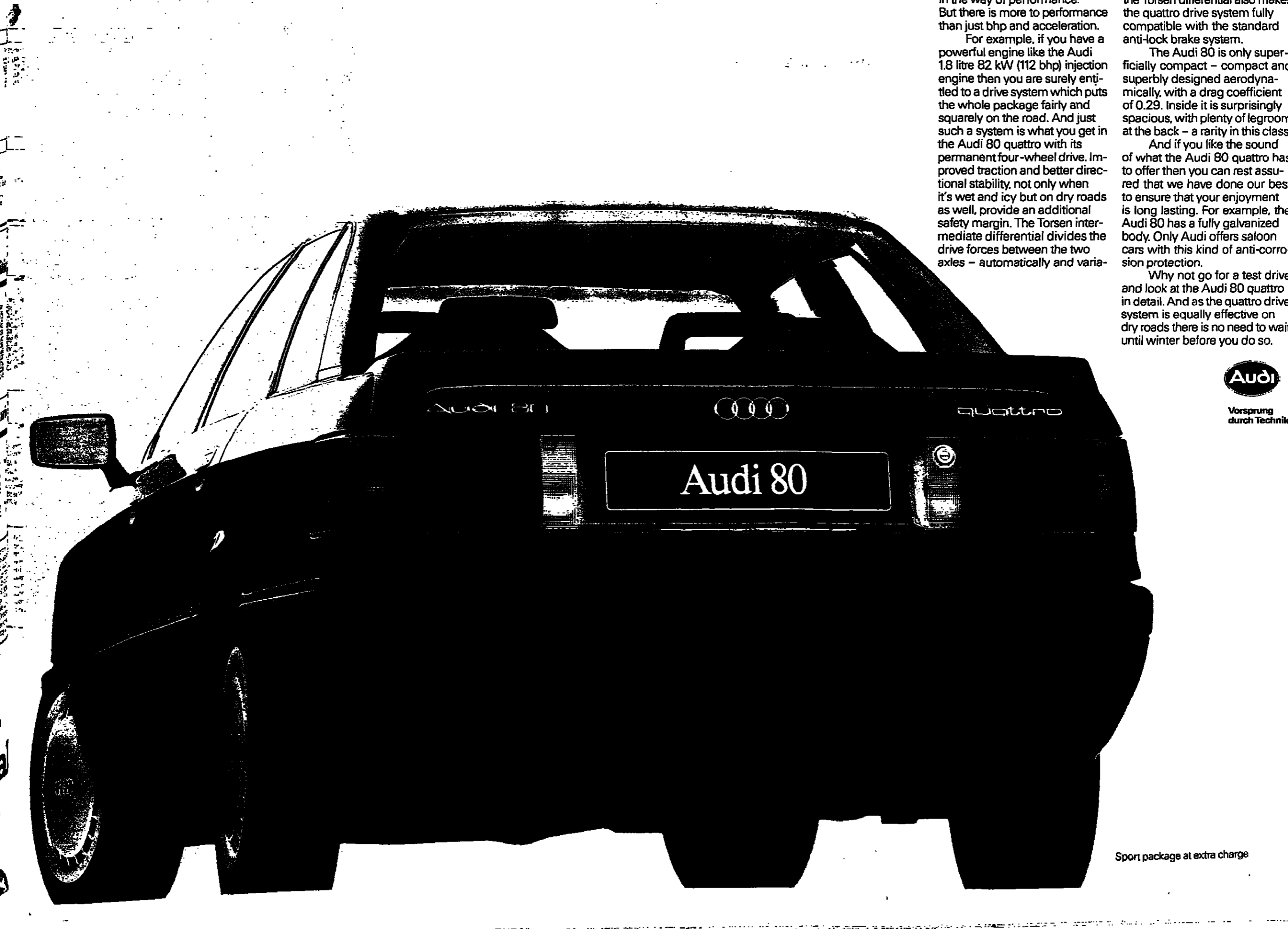
AMEX High-Lows

Table listing AMEX High-Lows with columns: NEW HIGHS, NEW LOWS.

Jobless Rate in Main EC Nations Rose to 10.9% in September

BRUSSELS — The unemployment rate for nine member states in the European Community edged up to 10.9 percent in September from 10.8 percent in August, the EC statistical office reported Wednesday.

Audi 80: the compact quattro.



The more compact the car, the more people seem to expect in the way of performance. But there is more to performance than just bhp and acceleration. For example, if you have a powerful engine like the Audi 1.8 litre 82 kW (112 bhp) injection engine then you are surely entitled to a drive system which puts the whole package fairly and squarely on the road. And just such a system is what you get in the Audi 80 quattro with its permanent four-wheel drive.

Vertical text on the left side of the advertisement, including 'The Daily Source for International Investors' and 'U.S. Treasury'.



Audi 80

Spot package at extra charge

# Wednesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

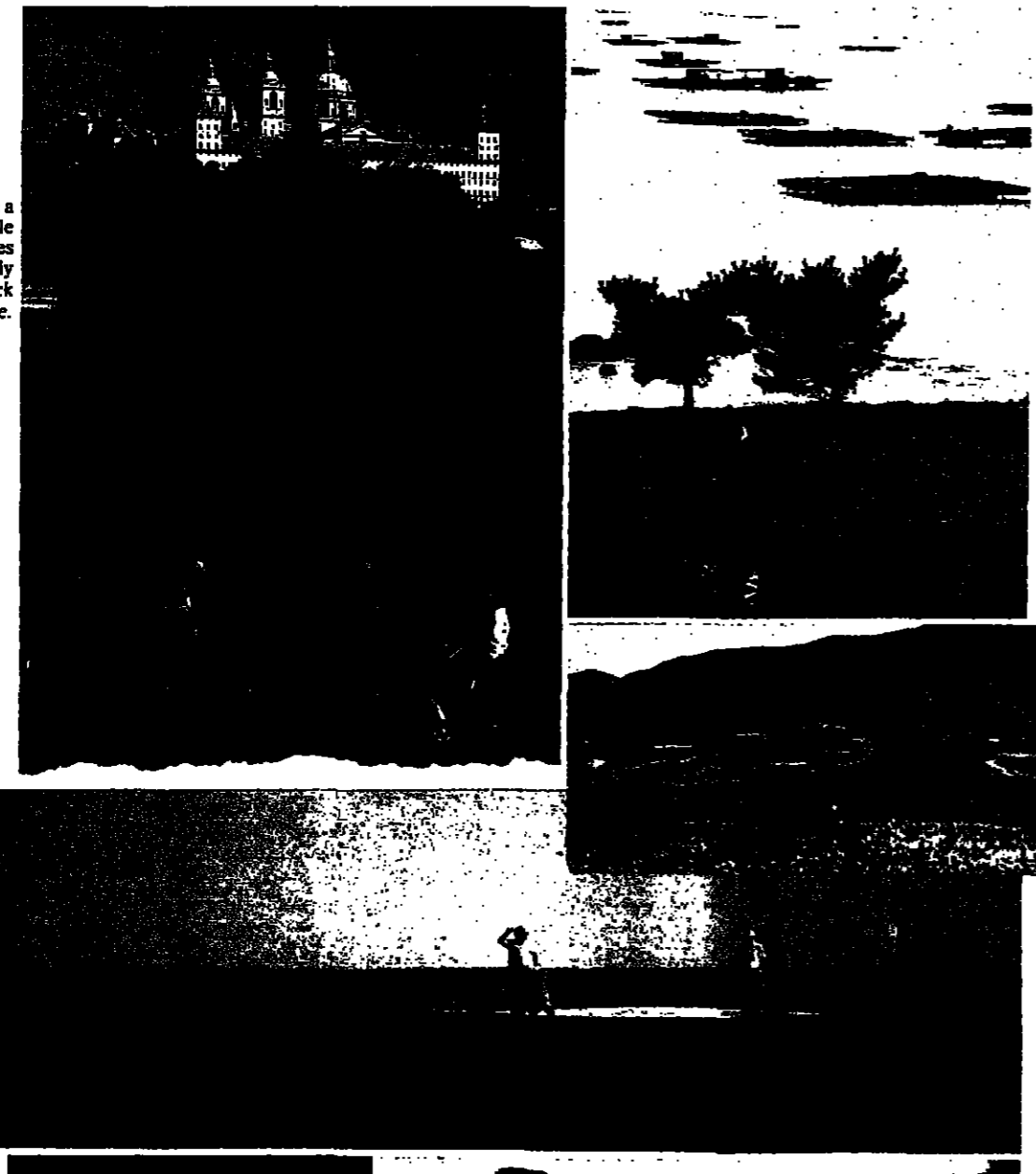
12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close	Change
117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0
117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0
117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close	Change
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117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0
117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0

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117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0
117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0

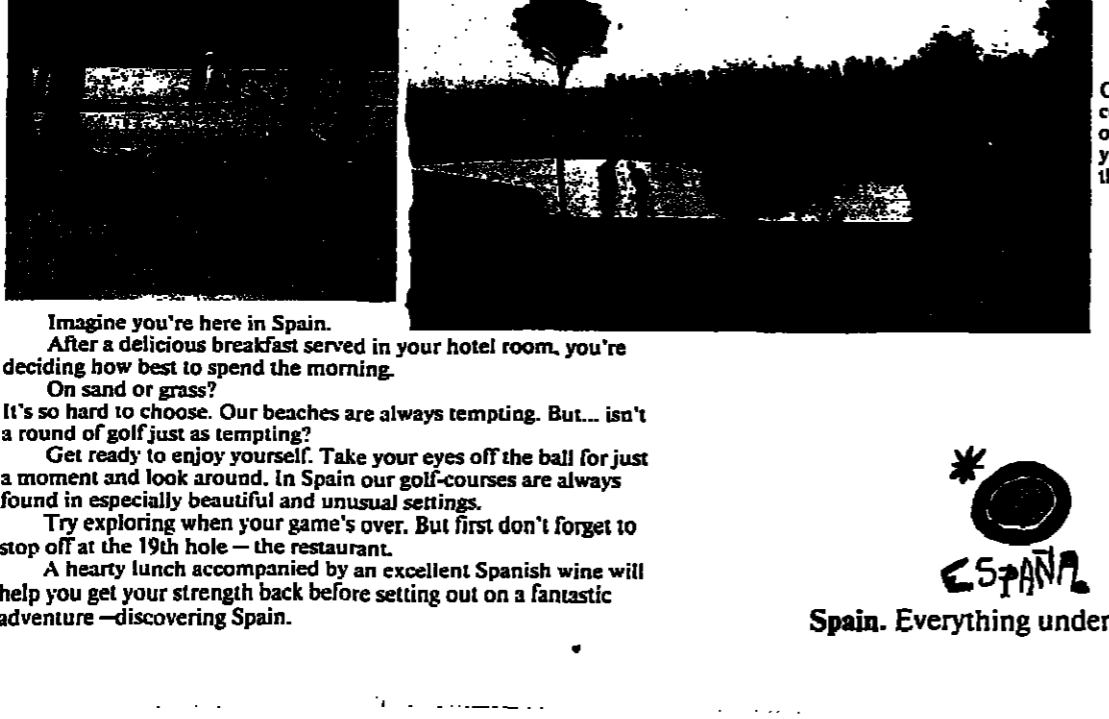
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117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0
117 1/2	117 1/2	AA	1.50 10 10	117 1/2	117 1/2	117 1/2	117 1/2	0

## Everything under par.



Maybe you won't have the best round you've ever had. Or perhaps you will. In any case, you'll enjoy yourself as never before.

Spanish countryside, with golf course included.



On Spanish golf courses it's not only the game you enjoy, it's the view as well.

Imagine you're here in Spain. After a delicious breakfast served in your hotel room, you're deciding how best to spend the morning. On sand or grass? It's so hard to choose. Our beaches are always tempting. But... isn't a round of golf just as tempting? Get ready to enjoy yourself. Take your eyes off the ball for just a moment and look around. In Spain our golf-courses are always found in especially beautiful and unusual settings. Try exploring when your game's over. But first don't forget to stop off at the 19th hole—the restaurant. A hearty lunch accompanied by an excellent Spanish wine will help you get your strength back before setting out on a fantastic adventure—discovering Spain.

Spain. Everything under the sun.

### Interim Report

January-August 1987

#### Net sales by Industry Segment (in FIM million)

	1987	1986	Change %	1986
	1.1.31.8	1.1.31.8		1.1.31.12
Electronics	3,718	2,929	26.9	5,214
Cables and Machinery	2,033	1,940	10.5	3,171
Paper, Power and Chemicals	1,729	1,581	9.4	2,401
Rubber and Plastics	933	928	0.5	1,528
Less: Inter-segment sales	(125)	(186)	(32.8)	(320)
<b>Group</b>	<b>8,288</b>	<b>7,092</b>	<b>16.9</b>	<b>11,994</b>
Exports from Finland	2,901	2,425	19.6	4,426
Exports and foreign subsidiaries	2,911	4,307	14.0	7,138

#### Consolidated Statements of Income (under IAS, unaudited, in FIM million)

	1987	1986	1986	
	1.1.31.8	%	1.1.31.8	%
Net sales	8,288	100.0	7,092	100.0
Cost of sales	(7,600)		(6,700)	
Operating profit	688	8.3	392	5.5
Share of results of associated companies	38		(26)	
Net interest and foreign exchange differences	(58)		(159)	
Profit before tax and minority interests	668	8.1	207	2.9
Tax	(169)		(73)	
Minority interests	(110)		(22)	
Net profit attributable to shareholders	389	4.7	112	1.6
Earnings per share (FIM)	8.13		2.67	

*The outlook for the remainder of 1987 is good. The Group's net sales are estimated to increase by 12% to 13% for the full year. Our estimate continues to be that profits before tax and minority interests will show a clear improvement in 1988.*

For your copy of the Interim Report, please contact: NOKIA Head Office, Corporate Communications PO BOX 226 SF-00101 Helsinki, Finland, Tel. (+358-0) 18071. Telex 124442 nokia sf. Telefax (+358-0) 636 388 027, 652 408. Corporate Communications.

## Every Wednesday in the IHT

# MADISON AVENUE

by Philip H. Dougherty

A regular weekly column that is must reading for advertising/marketing professionals internationally. Philip Dougherty's daily "advertising" page in The New York Times is essential reading on Madison Avenue. Now, every Wednesday, the IHT publishes a column featuring the best of Philip Dougherty's most recent reporting. If you're interested in the communications business, you will not want to miss it.

## Nervous Trade

NEW YORK — The dollar fell sharply Wednesday, losing more than 1 percent of its value against the yen and the mark. The dollar's decline was attributed to a combination of factors, including a report that the Federal Reserve might raise interest rates to combat inflation. The dollar's weakness led to a surge in the yen and the mark, with the yen rising to a record high against the dollar. The dollar's decline also led to a rise in the price of gold, which reached a new peak. The dollar's weakness is expected to continue in the near future, as the Federal Reserve continues to raise interest rates.

## Wednesdays OTC Prices

NASDAQ Prices as of 3:00 P.M. New York Time





SPORTS

Listless Indian Brokers Find Action in Cricket

The Associated Press BOMBAY — The trading ring at the Bombay Stock Exchange is about as crowded as usual, but instead of watching share fluctuations the brokers gather at two large television sets they bought last month. Their interest has shifted from India's stock market to the World Cup cricket tournament. Money is still changing hands at the exchange, but brokers seem to be channelling some of their speculative urges to betting on the matches, even though such gambling is illegal in India. Live telecasts and the playing of the World Cup for the first time in India and neighboring Pakistan apparently have fueled the interest. Brokers and bookies familiar with the scale of wagers estimate that throughout India as much as 10 billion rupees (about \$770 million) will be bet by the time all 27 cup matches have been played. Diamond and gold dealers and horse racing fans also are making high-stakes bets on cricket, said the brokers, most of whom asked not to be identified. "I've never seen such interest in one-day cricket when India is not playing," said Arun Shah, a broker with Jansvalant Chhotolal & Co. "Because of bearish trends and low trade volume, interest in cricket is phenomenal." While most of the world's stock markets were hit with wild gyrations in prices the past two weeks, the Bombay exchange was insulated because it deals only in Indian companies. The exchange, India's largest, has been in a slump for months because expectations that Prime Minister Rajiv Gandhi would free business from strict government regulation did not pan out. The exchange's index of 30 shares has fallen more than 100 points in the last half-year, to about 450.



Mark McGwire, left, congratulated by Oakland teammate Reggie Jackson after a home run.

McGwire of A's Unanimous Choice As American League's Top Rookie

Compiled by Our Staff From Dispatches NEW YORK — Mark McGwire, the Oakland Athletic first baseman whose 49 home runs set a major-league record for a first-year player, was unanimously selected rookie of the year in the American League by the Baseball Writers Association of America on Tuesday. McGwire, the choice of all 28 voters, is the second unanimous selection in the 40-year history of the award. Carlton Fisk of the Boston Red Sox was the first, in 1972. "The thing that really got me," McGwire said, "was when I was told it was unanimous and that Carlton Fisk was the only other one to do that. That was pretty nice." McGwire's selection marked the first time since 1958-59 that players from the same team won the American League award in consecutive seasons; Oakland's Jose Canseco was the 1986 recipient. Albie Pearson and Bob Allison of the Washington Senators were the last to be selected in consecutive seasons. In voting by two writers from each league city, McGwire received all first-place votes for 140 points in 118 runs and leading 289. His 49 homers were the most ever by an Oakland player. The A's finished third in the Western Division, behind Minnesota and Kansas City, with an 81-81 mark. McGwire's record-breaking 39th home run was off Don Sutton of California, a 300-game winner, on Aug. 14 at Anaheim Stadium. With four homers in April and 15 in May, McGwire fell one short of Mickey Mantle's major-league record, set in 1956, of 20 homers in the season's first two months. McGwire, a right-handed hitter, did not become a regular until two weeks into the season. "I wasn't down about not being in the starting lineup right away," he said. "In spring training, I had to earn a spot on the team. But I've always believed that if you can swing the bat, they'll find a spot for you." In a three-game series at Detroit May 8-10, he hit five home runs and drove in seven runs. On June 27 and 28 at Cleveland, he tied a major-league record when he hit five homers in two games and scored nine runs. McGwire, 24, gave up a chance to go for his 50th homer in the final game of the season to be with his wife, Kathy, as she gave birth to their first child. "I saw my son Matthew born," he said, "and I consider that my 50th home run." He was determined all year to keep his achievements in perspective. Home runs, he said, were secondary to winning. "What I deal with this year was tremendous, all the press attention. In a way I'm glad, because if it ever happens again, I'll know how to deal with it," he said. "How can I improve on what I did this season? All I can say is that I'll try to do what I'm capable of doing, go out there and play, be an everyday ballplayer. I'm not going to change anything. That's the way I've been playing since I was in college." "He's so solid mentally," said Tony Toney, Oakland's manager. "That's one reason he's been able to do it. He's got a ton of ability, but he kept himself real composed. He never got too high or too low." (A.P. UP)

Eric (Dotted Line) Dickerson: Have Ink, Will Travel

WASHINGTON — Not surprisingly, the mail I've received on the National Football League strike has been predominantly pro-striker. Letters enthusiastically praised the replacement players, admired their grit in seizing a labor opportunity with no promise of reward, and lamented their embodiment of the American dream. The same letters vitriolically condemned the strikers as greedy, overpaid louts who don't appreciate what a good deal they have. I agree with most of the players' aims, particularly the right to free agency. My view has been that the owners forced the strike to disable the players' union, and won it by riding uncompromisingly on the back of scab labor. As to the matter of greed, it's a short career, it's a business and a player has to look out for himself. But even I have limits. Eric (Dotted Line) Dickerson is a selfish, greedy lout. This is Dickerson's fifth season in the NFL and his second negotiation. At this pace he's likely to break the two most cherished records in football: He'll gain more yards than Walter Payton and sign more contracts than Lou Saban. Hand the guy a pen and make him ink. Will travel. Wire Dick-

er son, (temporarily) Indianapolis, Indiana. Two years ago Dickerson withheld his services from the Los Angeles Rams for two games, forcing the team to renegotiate. He accepted a three-year contract, reportedly worth \$550,000 per year, including a \$500,000 signing bonus, and agreed to a letter that specifically prohibited him from renegotiating again for the life of the contract. This season he decided to renegotiate again. Either he's awful on dates or his word isn't worth the paper it's printed on. General Manager: Can we count on you, Eric? Dickerson: I signed the contract, didn't I? G.M.: That's why I'm asking. Throughout the strike there were reports of Dickerson's unhappiness at how much money he was losing by staying out, and routine speculation that he would momentarily cross the line. When he didn't, one might have reasonably assumed that he thought the better course was to stay solid with his teammates. Now we see that solidarity had nothing to do with his staying out. Dickerson wasn't striking; he was holding out to force the Rams to renegotiate again. Dickerson's strike wasn't about principle, but principal. When asked about his new \$5.4-million contract Dickerson said, "It's fat," adding, "I'm very satisfied." Until sundown anyway. His sense of commitment is like a parking meter: It's fine as long as you feed it money every 12 minutes. His justification for breaking an open contract: "I want to be appreciated. With the Rams I don't think I was appreciated." No applause, folks, just throw money. Publicly, Dickerson has taken the stance that he's done a great thing for all the underpaid workers in the NFL by taking all these scads of bills to his house. Ripple effect, you know. It's a soothing theory, but somehow it's hard to see Dickerson as Eugene V. Debs. Dickerson, you'll recall, is a product of the Bonnie and Clyde Academy of Football at Southern Methodist, where he was coached then — as he'll be now as an Indianapolis Colt — by Ron Meyer. (Reportedly, Dickerson recalled that when he was a freshman, Meyer promised he'd make him rich someday. Is that some kind of SMU inside joke?) Dickerson, Meyer and Robert (Gas 'n' Go) Irby, the team owner — what an honorable collection of gentlemen. And you wonder why Holiday Inns bolt down their TVs.

SCOREBOARD

Football

National Football League Leaders

Table with columns for Team, Points, Yards, and other statistics for the American Conference.

European Soccer

Table with columns for Team, Goals, and other statistics for various European soccer leagues.

Golf

Table with columns for Player, Score, and other statistics for the Final PGA Leaders.

Hockey

Table with columns for Team, Goals, and other statistics for NHL Standings.

Transition

Table with columns for Player, Team, and other statistics for various basketball players.

Escorts & Guides

Table listing various escort and guide services with contact information.

International Classified

Table listing international classified services and agencies.



The newborn colt: "I want to be appreciated...."

Judge Upholds Ruling Against Quinn of NHL

The Associated Press VANCOUVER, British Columbia — A judge has upheld the National Hockey League's ruling in a conflict-of-interest case involving Vancouver Canucks President and General Manager Pat Quinn, but reduced the fine assessed against the team. Justice Patrick Dohm of the British Columbia Supreme Court ruled last Tuesday that John Ziegler, president of the National Hockey League, overstepped his jurisdiction last January when he fined the Canucks \$310,000. Dohm reduced the penalty to \$10,000. But he ruled that Ziegler had the authority to fine the Canucks for signing Quinn to a future-services contract while Quinn was coach of the Los Angeles Kings. And he upheld Ziegler's suspension of Quinn from coaching in the NHL until the 1990-91 season.

Escorts & Guides

Table listing various escort and guide services.

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# ART BUCHWALD Q&A on Stock Market

WASHINGTON — It's now time for Mr. Crash to answer your questions.

What do the financial markets face right now?  
Uncertainty.

What is the nation looking to?  
Leadership in Washington to resolve this country's enormous deficits brought about by 50 years of irresponsible Democratic leadership.

What is lacking?  
Faith in the Beach Boys to get this country moving again.

Why is President Reagan not upset over the market?  
Because his stock is in a blind trust and his hearing isn't that good either.

Will the stock market give have any effect on the summit?  
No. Mikhail Gorbachev has invested his Soviet pension in the Westech Tool Company.

Who is most responsible for Black Monday?  
According to the White House, it is the people who voted against Judge Bork for the Supreme Court.

Would this have happened if Bill Casey were alive?  
No. According to Bob Woodward, Bill Casey told Woodward he was getting out of the market and putting his savings into Chinese Silkwood missiles.

How do we wrap up the Iranian stock market?  
All-American Series Of Shakespeare Planned

The Associated Press  
NEW YORK — The New York Shakespeare Festival plans to present all-American productions of the 36 Shakespeare plays over the next six years. Says the festival producer Joseph Papp:

The project will cost \$33 million and will feature such stars as Meryl Streep and Kevin Kline, Papp said Tuesday. The first, "A Midsummer Night's Dream," directed by A.J. Antoon and starring Elizabeth McGovern, will open Dec. 7.

Send them a chocolate cake and a Bible, and put the ayatollah's picture on all moderate Iranian war bonds.

If I have 100 shares of Safety Rest Airlines and they drop from \$34.50 to \$2 a share, should I get out or hold on to the stock?

This is what President Reagan refers to as a market correction. Only people who do not have faith in Wall Street would abandon ship when the price sinks to where it should be.

How did the big shots do on Wall Street?  
According to reports, all big shots got out before the crash. Even the previous Friday, at which point they made a pile and confounded all the money managers on the Street.

There is a well-known saying that when Wall Street sneezes, the rest of the world gets pneumonia. Is there any truth to this?  
There is no truth to it at all. Johnson and Johnson did an experiment in which they had the entire New York Stock Exchange sneeze for three minutes. There was not one case of pneumonia in any market in the world. What happened was that everyone caught Asian flu. They were so irritated by the flu that they sold the dollar at its lowest rate in history.

There are some very smart young people on Wall Street who aren't very smart right now. What happens to them?  
McDonald's has a standing offer to hire all laid-off securities managers and analysts to work in their stores. A vice president said, "Anyone who has sold stock for the past few years can sell hamburgers. A grill is no different to work than a computer. I've had many dealers who started out deep frying potatoes but now have their own golden arches."

How can this country get its house in order so that the average person can become rich in Forbes magazine's list of the richest people in the United States?  
By demanding that President Reagan and Congress forget their differences and force us to pay the price and take the pain that will make everyone bite the bullet, which will produce Dow Jones averages that all Americans can be proud of.

# AIDS Book Draws Anger, Praise

By Robert Reinhold  
New York Times Service

SAN FRANCISCO — "I'm not a very good homosexual — I can't keep house, decorate, cook or dress," said Randy Shilts, explaining why he didn't want to meet at his messy apartment. But one thing Shilts can do well is report and write, and he has written an unflinching book on AIDS, the scourge of San Francisco.

The book, climbing the best-seller lists in the United States, is the talk of San Francisco, where the disease is a daily fact of life for almost all residents, gay or heterosexual. Both his book and his pioneering reporting on the progression of the disease have given Shilts, a reporter for The San Francisco Chronicle, a measure of local personal recognition and power that few newspaper reporters enjoy.

Leaders of the city's large gay community carry favor with him, and still debate whether the brash 36-year-old writer is a hero or a traitor to his cause.

But few have ignored the book. "And The Band Played On: Politics, People and the AIDS Epidemic" is a story with few heroes in which Shilts accuses the press, gay leaders, many medical scientists and, most pointedly, the Reagan administration, of fiddling while the epidemic raged out of control.

"On the day President Reagan delivered his first speech about the epidemic," he writes with understated anger, "more than 36,000 Americans had been diagnosed with the disease; over 21,000 had died."

He adds: "The United States, the one nation with the knowledge, the resources and the institutions to respond to the epidemic had failed. And it failed because of ignorance and fear, prejudice and rejection."

It is a rare day at home for Shilts, between movie negotiations in Hollywood, television appearances and a 15-city book tour. All the attention seems only to have made the writer more exuberant — some say strident and abrasive — than usual.

But few here begrudge him success after years of struggling with a story about a devastating disease that has claimed many of his close friends. When Shilts was hired by the Chronicle in 1981 he was a rarity: an openly gay reporter at a major American newspaper.

He started to write stories about a mysterious "gay cancer." And when, in 1983, it became clear that it was a sexually transmitted disease of the immune system, Shilts, who could talk from personal experience about the promiscuous sexual behavior of gay men in San Francisco, concluded that "clearly a disaster" was in the making.

His book is full of anger at public institutions that, he says, ignored the disease because most of its victims were gay. He denounces the Reagan administration for saying it did not need more money for acquired immune deficiency syndrome even as federal medical officials were begging for more. He says backbiting concealed vital information from each other to garner credit. He criticizes the media, saying that while they covered the medical news about AIDS, they generally ignored the



Shilts on balcony of his San Francisco apartment.

public policy issue until recently. But the book has stirred the most reaction here for its ambivalent treatment of gay leaders, many of whom, he argues, shared culpability because they feared the truth about how AIDS was spread would destroy hard-won liberties. His stories focused on the bathhouses where many believed the disease was being spread.

"There was a lot of denial in the gay community," he said. "I was going out of my way to write as much about AIDS as I could. My very existence was a slap in the face of that denial. They said I had gone to work for the Chronicle and sold out, currying favor with my heterosexual bosses by writing about something that made gay people look bad."

Shilts said the press was expected to be objective, not to take sides. He is referring to alcohol, from which he is recovering.

But now, with the bathhouses closed and with the disease having become an epidemic, emotions have subsided and Shilts is credited by many with having been prescient. "He was tremendously courageous," said Carol

Migden, a lesbian leader who is the chairwoman of the Democratic Party here.

Still, there is lingering resentment, a feeling that Shilts has unfairly maligned the gay leadership. "It is not true no one would listen," said Paul M. Boneberg, executive director of the Mobilization Against AIDS. "There were thousands of people doing everything they could. He portrayed the bulk of the community as inactive and self-destructive."

"Writing about the gay community is like being a reporter in a small town," Shilts said. "You get an immediate reaction. I walked down the street and had people shout at me." He rejected suggestions that he should be an advocate for homosexuals.

"Though I'm open about being gay, I do not perceive myself as being an activist of any sort," Shilts said. "The book has a point of view, but I reject advocacy journalism. I'm just your basic reporter."

Shilts grew up in Aurora, Illinois, and migrated west to study at the University of Oregon. At age 20, he told his friends he was gay and became active in gay politics, later reporting for The Advocate, a gay newspaper.

Shilts described his health as "just fine," although he said he had not taken the AIDS antibody test because there is no medical treatment available if the test is positive and because he engages in no activity believed to spread the virus that causes AIDS.

At the Chronicle, Alan D. Mutter, assistant managing editor for metropolitan news, said that when he came to the newspaper from Chicago two years ago his "breath was taken away" by the explicitness of Shilts' reporting on AIDS. But he said he came to recognize it as a major story.

He said he saw no conflict of interest in having a homosexual reporting on AIDS and would still keep Shilts on the beat even if he came down with the disease. "Our medical writer wrote about colds when he had a cold," he said. "The bottom line is professionalism."

# Thatcher Rejects Curtsy

Prime Minister Margaret Thatcher

admitted a Spanish tourist who curtsied to her on Wednesday during a two-hour shopping tour in one of London's biggest department stores. "You don't do that to me, my dear — I'm not in politics," she told the British prime minister told Josefa Pagarols, executive director of the Mobilization Against AIDS. "There were thousands of people doing everything they could. He portrayed the bulk of the community as inactive and self-destructive."

Thatcher, referring to the practice of curtsying to members of the royal family, Thatcher did sign an autograph for Morell at Marks and Spencer's Marble Arch store on Oxford Street. A visit to the second-floor lingerie department was on Thatcher's program when she arrived, but 15 minutes later, after reporters and photographers expressed an interest in going with her, it was canceled. The prime minister bought about £300 (about \$520) worth of goods, including five musical Christmas stockings, some flower-patterned bed linen, a basket of cosmetics, two silk blouses and a sweater.

Shirley Williams, a top British politician once considered as a possible prime minister, will marry Richard Neustadt, a Harvard University professor and an adviser to two presidents. Williams, 57, president of the Social Democratic Party, and Neustadt, 68, plan to marry at the end of year, said a party spokesman. They will live in England after Neustadt's retirement, which is expected soon. Williams helped found the Social Democratic Party in 1981. Neustadt is the founding director of the Institute for Public Policy Studies, a government and an adviser to Presidents John F. Kennedy and Lyndon B. Johnson in the 1960s. Neustadt's wife, Bertha, died in 1984. Williams was divorced in 1974 from Bernard Williams, a one-time philosophy professor at Cambridge University. She has a 26-year-old daughter and Neustadt has a son and daughter.

Carlos Kleiber, whose concerts in Rome drew raves from critics, will not conduct Puccini's opera "La Boheme" due to illness, the Teatro Comunale in Florence announced. The theater gave no details Tuesday about what it called "serious health reasons" for Kleiber to cancel nine performances that had been scheduled to start Nov. 21. Franco Zeffirelli's production of

the opera now is to be conducted by Bruno Bartoletti.

Christopher Nolan, a young Irish victim of cerebral palsy who writes by typing with a stick strapped to his forehead, became a finalist Tuesday for one of Britain's most literary awards, the Whitbread Book of the Year prize. Nolan, 21, won the biography category for his autobiography, "Under the Eye of the Clock," and is in competition with four others for the Whitbread prize, to be announced on Jan. 19. The others are the novelist, Jay McInerney for "A Child in Time"; the poet Seamus Heaney for "The Haw Lantern"; Francis Williams for his first novel, "The Other Garden"; and the children's writer Gerald Dean McCaughey for "A Little Lower than the Angels."

The French Society of Fine Arts elected the actor, theater director and author Peter Ustinov to the society's foreign association. Ustinov was chosen to replace the late American film director and actor Orson Welles.

Art lovers they weren't, but they sure knew their labels. Burke Armstrong said a well-dressed couple walked into his art gallery and stole a Ralph Lauren pillowcase valued at \$120, leaving untouched paintings worth thousands of dollars. He said he plans to replace the pillowcase with a non-designer one. "It's just part of the furnishings," Armstrong said.

A safe sealed by the crownist Rudy Vallejo in 1942 held love letters from Dorothy Lamour, Hollywood actress and wife of actor Gene Raymond, along with other Hollywood memorabilia. The contents of the safe, which was opened Tuesday in Vallejo's home in Hollywood Hills, overlooking Los Angeles, were part of a collection of Vallejo's sheet music, records, correspondence and other material purchased by the Thousand Oaks Library in California for \$275,000. The love letters will be returned to the actresses, said Chris Harris, the late singer's publicist. Vallejo, who became a pop singing sensation during the 1920s with "The White-Tempered Song," died July 2, 1986, at age 84.

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